



Daily Report

China

FBIS-CHI-96-122
Monday
24 June 1996

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report China

FBIS-CHI-96-122

CONTENTS

24 June 1996

NOTICE: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

PRC: Spokesman on Postponement of German Minister Visit 11 Jul [XINHUA]	1
PRC: AFP Cites Spokesman on 2d Term for UN Secretary General [AFP]	1
PRC: Article Views U.S. Policy on Bosnian Serb Republic [RENMIN RIBAO OVERSEAS EDITION 25 May]	1
PRC: XINHUA Examines U.S.-Jordan Military Cooperation [XINHUA]	2
PRC: Column Views New Japan-U.S. Alliance [LIAOWANG 29 Apr]	3
PRC: Column Views 'Ominous' U.S.-Japan Pact [LIAOWANG 29 Apr]	4
PRC: Japanese Political Debate on Security Alliance [RENMIN RIBAO 29 May]	6
PRC: XINHUA: World Bank Approves \$270 Million for China Projects	7
PRC: 'Special Dispatch' on Human Rights Conference [LIAOWANG 6 May]	7

United States & Canada

PRC: Official: 1997 Handover Reason for FBI Planning PRC Bureau [Hong Kong SUNDAY HONGKONG STANDARD 23 Jun]	9
PRC: Sino-U.S. Economic Links 'Expected To Enter a New Stage' [CHINA DAILY (BUSINESS WEEKLY) 23-29 Jun]	10
PRC: RENMIN RIBAO Commentary on IPR Talks [RENMIN RIBAO 20 Jun]	12
PRC: Rubbish Exports Criticized as Human Rights Violation [JINGJI RIBAO 11 Jun]	13
PRC: Column Blasts USIA Report on Human Rights [RENMIN RIBAO 4 Jun]	14

NATIONAL AFFAIRS

Political & Social

PRC: Jiang Zemin Speaks at CPC Anniversary Forum [XINHUA]	16
PRC: Jiang Zemin Speaks on Enhancing Quality of Party Officials [XINHUA]	18
PRC: Jiang Zemin on Enhancing Quality of Officials [XINHUA]	19
PRC: Jiang Zemin Speech at CPC Anniversary Forum [XINHUA]	21
PRC: Jiang Reportedly Criticizes Return of 'Maoist Influence' [Hong Kong SOUTH CHINA SUNDAY MORNING POST 23 Jun]	27
PRC: PLA Units Urged To Study Jiang Zemin's 21 Jun Speech [XINHUA]	28
PRC: Official on Relations Across Taiwan Strait [XINHUA]	29
PRC: CPC Official: Deng Not in Shanghai [AFP]	30
PRC: Deng's Sister Obligated To Retire; Deng Family Said Declining [Hong Kong SING TAO JIH PAO 24 Jun]	31
PRC: Wang Dan 'May Be Suffering From Prostatitis' [Hong Kong MING PAO 24 Jun]	32
PRC: Veteran Dissident Vows To Maintain Fight for Democracy [AFP]	32
PRC: Bao Tong, Officials in 'Stand-Off' Over Terms for Freedom [Hong Kong SUNDAY HONGKONG STANDARD 23 Jun]	33

Science & Technology

PRC: Li Peng on Science, Technology Application [XINHUA]	33
--	----

Military & Public Security

PRC: Army Organizes Study of Jiang Zemin's Speech [XINHUA]	35
--	----

PRC: Review of PLA Defense University [LIAOWANG 27 May]	36
PRC: Beijing Military Region's Commander Inspects Shanxi [SHANXI RIBAO 26 May]	40
PRC: Elite Air Force Unit Determined To Seize Control of Air [JIEFANGJUN BAO 23 Apr]	41
*PRC: Hubei MD Political Commissar on Rear Echelon Troops [GUOFANG No 2]	42
PRC: Shanxi Holds Open Trials; Executes 'a Number of' Criminals [SHANXI RIBAO 11 Jun]	45

ECONOMIC AFFAIRS

Agriculture

PRC: Beijing Mayor on Agriculture, Rural Economy [BEIJING RIBAO 26 May]	47
PRC: Jilin Governor's Article on Agriculture [JILIN RIBAO 14 May]	48
*PRC: Study Group Views Cotton Production [NONGYE JINGJI WENTI 23 Feb]	56

PRC MEDIA ON TAIWAN AFFAIRS

PRC: 'Text' of Taiwan Affairs Spokesman's Statement [XINHUA]	66
PRC: Taiwan Investors Expect To Benefit From IPR Accord [Hong Kong ZHONGGUO TONGXUN SHE 18 Jun]	67
PRC: Non-Economic Factors Hinder Taiwan's Industrial Growth [Beijing Radio]	68

TAIWAN

Taiwan: Li Peng Likely To Respond 1 Jul to Li Teng-hui Speech [Taipei LIEN-HO PAO 17 Jun]	69
Taiwan: Lien Comments on 'Greater Responsibility' of Premiership [Taiwan Central News Agency WWW]	69
Taiwan: CCP Overture To President Li Seen 'Showing Goodwill' [Taiwan Central News Agency WWW]	70
Taiwan: President Li Stresses Patience in Cross-Strait Ties [Taipei CHUNG-YANG JIH-PAO 18 Jun]	70
Taiwan: President Li Says No Plans for Dialogue With PRC 'In Sight' [Taiwan Central News Agency WWW]	71
Taiwan: Straits Exchange Official Responds to Beijing on Ties [Taiwan Central News Agency WWW]	71
Taiwan: President Li Approves 'Major' Military Shakeup [Taiwan Central News Agency WWW]	71
Taiwan: DPP Chief on Government-Legislature Deadlock [Taipei LIEN-HO PAO 17 Jun]	72
Taiwan: Relaxed Regulations on Visits by PRC Businessmen Approved [Taiwan Central News Agency WWW]	73
Taiwan: KYODO Cites Paper on North Korean Official's Visit [Tokyo KYODO]	73
Taiwan: CNA Reports Visit of DPRK Trade Official to MOEA [Taiwan Central News Agency WWW]	73
Taiwan: U.S. Lockheed Martin To Sell C-130 Aircraft, Boost Industry [Taiwan Central News Agency WWW]	74
Taiwan: U.S. Company To Help Efforts To Enter United Nations [Taipei LIEN-HO PAO 18 Jun]	74

HONG KONG & MACAO

Hong Kong

Hong Kong: Top 'Shanghai' Trio for Hong Kong Post Possible [Hong Kong SOUTH CHINA MORNING POST 24 Jun]	75
Hong Kong: XINHUA Reports Zhou Nan Expects More Cooperation From UK	75
Hong Kong: XINHUA Cites Zhou Nan on Freedom, Democracy After Reversion	76
Hong Kong: Further on Zhou Nan Interview on Hong Kong's Future [XINHUA]	76
Hong Kong: Patten Stresses Importance of Democracy for Future [London THE SUNDAY TELEGRAPH 23 Jun]	76
Hong Kong: JLG Experts Reach Consensus on Drafting Budget [XINHUA]	78
Hong Kong: Chairman Says Hong Kong To Maintain Favorable Conditions [XINHUA]	79
Hong Kong: Chairman Says 1997 To Begin New Era for Hong Kong [XINHUA]	79
Hong Kong: Spokesman Says Mainland People Will Not Rush Into Hong Kong [XINHUA]	80

Hong Kong: China Ally Warns on Doubts About Tung for SAR Post [<i>Hong Kong SOUTH CHINA MORNING POST 24 Jun</i>]	80
Hong Kong: Guangdong Governor on Hong Kong Cooperation [<i>XINHUA</i>]	81
Hong Kong: Religious Affairs Authority Sends Delegation to Hong Kong [<i>XINHUA</i>]	82
Hong Kong: Shenzhen Develops Plan To Link Economy to Hong Kong's [<i>XINHUA</i>]	82
Hong Kong: Most Citizens Have No Confidence in Preparatory Committee [<i>Hong Kong SOUTH CHINA MORNING POST 24 Jun</i>]	83
Hong Kong: Board Member Warns of 'Certain Riots' If Tai A Chau Closed [<i>Hong Kong HONGKONG STANDARD 24 Jun</i>]	83
Hong Kong: Editorial on New U.S. Document Requirements on Textiles [<i>Hong Kong EASTERN EXPRESS 23 Jun</i>]	84
Hong Kong: Government Confirms Delay of Western Corridor Rail Project [<i>Hong Kong TV</i>]	85

General

PRC: Spokesman on Postponement of German Minister Visit 11 Jul

OW2406073996 Beijing XINHUA Domestic Service in Chinese 1244 GMT 23 Jun 96

[FBIS Translated Text] Beijing, 23 Jun (XINHUA) — Today a spokesman of the Chinese Foreign Affairs Ministry issued a statement on China's decision to postpone German Vice Chancellor and concurrently Minister of Foreign Affairs Kinkel's visit to China. The full text is as follows:

On 20 June, the Federal Parliament of Germany, disregarding China's repeated solemn representations, discussed and passed an anti-Chinese resolution on Tibet. This action by the federal parliament is in open violation of the norms of international law and a gross interference in the internal affairs of China that has seriously hurt the Chinese people's feelings. On this, China has already lodged a protest and expressed our strong discontent and indignation to Germany. China maintains that in the current circumstances, the atmosphere is obviously unsuitable [xian ran bu he shi (7359 3544 0008 0678 6624)] for Vice Chancellor and concurrently Minister of Foreign Affairs Kinkel's visit to China, originally scheduled for 11-14 July. The Chinese side has decided to postpone the visit.

The Chinese Government has always valued the maintenance and development of friendly and cooperative relations with Germany. The recent interference in, and damage to, Sino-German relations is entirely and unilaterally caused by the German side. China sincerely hopes that Germany will proceed from the safeguarding of the vital interests of the peoples of the two countries and take practical and effective measures to enable Sino-German relations to develop soundly without interference.

PRC: AFP Cites Spokesman on 2d Term for UN Secretary General

OW2406103596 Hong Kong AFP in English 0950 GMT 24 Jun 96

[FBIS Transcribed Text] Beijing, June 24 (AFP) — China, for the first time Monday [24 June], publicly lent its implicit support to Butrus Butrus-Ghali's bid for a second term as UN secretary general.

"Since he assumed his post as secretary general of the UN, Butros-Ghali has made unremitting and praiseworthy efforts for strengthening the role of the UN and promoting the UN's endeavour in addressing peace and development," a foreign ministry spokesman said.

Describing Butros-Ghali as an "old friend" of China, the spokesman said Beijing "appreciates (his) positive role in international affairs."

China, one of the five permanent members of the UN Security Council, had previously declined to become involved in the growing controversy surrounding Butros-Ghali's re-election.

The United States, with veto power over his reappointment, has announced its firm intention to block a second term on the grounds that the secretary general, now 73, has been unable to trim the UN's bloated bureaucracy.

Butros-Ghali's five-year term expires in November.

On Saturday, the Guangming Daily [GUANGMING RIBAO] accused Washington of opposing Butros-Ghali on the grounds that he had refused to make the UN subordinate to US foreign policy.

PRC: Article Views U.S. Policy on Bosnian Serb Republic

HK2406013196 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 25 May 96 p 6

[Article by Xu Kunming (1776 0981 2494): "United States Is Putting Pressure on Yugoslavian Federation and Forcing Karadzic To Step Down"]

[PTS Translated Text for FBIS] On 22 May, Kornblum, U.S. special envoy to Bosnia-Herzegovina, again brandished the baton in Belgrade, trying to put pressure on the Yugoslavian leaders. He demanded that the Yugoslavian leaders take measures to force Bosnian Serb President Karadzic to step down, or they would again face international sanctions.

Kornblum especially went to Belgrade to hold talks with Serbian President Milosevic, who is in charge of the Yugoslav Federation. At a press conference held after the talks, Kornblum said that he had already stressed to Milosevic that both Bosnian Serb President Karadzic and Bosnian Serb Forces Commander Mladic have to relinquish power. He also demanded that the two Serb leaders accused as war criminals by the International Court of Justice in The Hague "cease holding power, cease appearing in public, and cease influencing government decisions." He threatened: As a signatory to the Dayton Agreement, Milosevic should be held responsible for comprehensively implementing the agreement. Were the Bosnia-Herzegovinan peace process to be derailed, the Yugoslav Federation would possibly face international sanctions again.

On 15 May, Karadzic suddenly announced the decision to remove from office Bosnian Serb Prime Minister Kasagic, who is widely known as a moderate. On 18

May, the Bosnian Serb Parliament ratified Karadzic's decision with an overwhelming majority and elected hardliner Klickovic as new prime minister. This shows that Karadzic still wields considerable influence in the Bosnian Serb Republic. The Western countries had originally predicted that after naming the Bosnian Serb prime minister, Karadzic would step down as Bosnian Serb president. However, Karadzic refused to do so. Instead, he just handed some of presidential powers to another hardliner called Biljana Plavsic. Karadzic's decision has enraged leaders of the United States and certain Western countries, who are now determined to force Karadzic to step down before the Bosnia-Herzegovina general elections are held.

The Western countries have repeatedly resorted to international sanctions to pressure the Yugoslav Federation and Bosnian Serb Republic. After the Yugoslav Federation-Bosnian Serb Republic conflict broke out, the Western countries again made use of international sanctions to "deal with Serbs with Serbs." The international sanctions imposed over the past three and one-half years have already pushed the Yugoslav economy to the brink of collapse and brought about untold hardships to people of all nationalities in Yugoslavia. After the Dayton Agreement was signed, the Western countries agreed only to "suspend" rather than "lift" sanctions against the Yugoslav Federation in hopes of continually pressuring it and the Bosnian Serb Republic by brandishing the baton of sanctions whenever necessary. Now people have to wait and see whether this high-handed Western policy will succeed.

PRC: XINHUA Examines U.S.-Jordan Military Cooperation

*OW2206123896 Beijing XINHUA in English
1155 GMT 22 Jun 96*

["Roundup" by Wen Xinnian: "Frequent Jordanian, U.S. Military Exercises Aim at Strategic Partnership"]

[FBIS Transcribed Text] Amman, June 22 (XINHUA) — Frequent U.S.-Jordanian military exercises are apparently aimed at forging closer ties between the two countries.

U.S. Marines and equipment started to arrive in Jordan Friday [21 June] ahead of a joint military exercises with the Jordanian Armed Forces beginning movements in Qatranah south of Amman on Monday.

Three U.S. ships, the USS Tarawa, the USS Duluth and the USS Rushmore, docked Friday at Aqaba, a Red Sea port city of Jordan, and unloading operation started immediately, the English-language daily JORDAN TIMES reported today.

The three vessels carried around 4,000 marines and sailors, and about 1,400 of them are expected to take part in the June 23 - July 10 exercises codenamed "Infinite Moonlight '96."

The U.S. Forces are part of the 13th Marines Expeditionary Unit, a component of the U.S. Sixth Fleet.

About the same number of Jordanian service personnel will take part in the exercises, which are part of U.S.-Jordanian military cooperation launched in 1981.

It is not immediately known whether the exercises are to be protracted.

A joint statement released last Wednesday by the U.S. and Jordan said that the exercises will be staged from June 25 to July 10.

This war game, the first this year attended by U.S. Marines, will allow "U.S. Navy amphibious forces and Jordanian Armed Forces to train side-by-side, strengthening the bilateral military relations and enhancing coordination and cooperation between U.S. and Jordanian forces," a joint Jordanian-American statement said last week.

"The exercise is part of the ongoing bilateral exercise program between the military forces of the U.S. Central Command and the military forces of Jordan," it added.

"Infinite Moonlight '96" will be the second Jordanian-American joint military exercises this year after the armed forces of the two countries staged a joint training exercise in early May at an air force base north of Amman.

Advanced jet fighters, including F-16s that Jordan is expected to receive this year from Washington as part of the U.S. military assistance to Jordan, took part in the exercises codenamed "Eager Tiger."

Meanwhile, a U.S. Air Force unit was preparing to leave Jordan after taking part in the May exercises and also flying surveillance flights over southern Iraq.

The "Air Expeditionary Force (AEF)," which consists of 34 U.S. fighter jets and mid-air fuelling aircraft, also offered to train Jordanian air force pilots on F-16s warplanes ahead of the expected delivery of 16 aircraft of the same type to Jordan.

In addition, the AEF unit helped Jordan upgrade facilities at the air base to receive and accommodate F-16 planes, leaving behind part of the equipment it brought with it.

Amman and Washington have beefed up their military cooperation since Jordan signed its historic peace treaty

with Israel in October, 1994, ending their 46-year state of hostilities.

Jordan shifted its policy towards Iraq last August following the defection of Hussein Kamel, the son-in-law of Iraqi President Saddam Hussein.

Shortly after Kamel's defection to Jordan, the U.S. and Jordan launched a joint military exercise aimed at defusing the alleged threatening of Iraq's retaliation against Jordan.

U.S. Defense Secretary William Perry visited Jordan in January and announced a package of U.S. military assistance, including the F-16s warplanes.

General John Shalikashvili, Chairman of the U.S. Joint Chiefs of Staff, discussed Jordanian-American military cooperation during his visit here this month.

He indicated during his talks here that armored tanks, helicopters and military equipment were part of the U.S. assistance to Jordan.

Another senior U.S. Defense Department official, Under-Secretary for Personnel and Readiness Edwin Dorn, also traveled to Jordan last week and held talks with Jordan's Chairman of the Joint Chiefs of Staff Field Marshal 'Abd-al-Hafiz al-Ka'abinah Mar'i on U.S.- Jordanian military ties.

Observers and diplomats here noted that the strengthened U.S.- Jordanian military ties are part of U.S. efforts to allow Jordan to play a more important role in its post-Gulf War Middle East political layout.

They also believed that Jordan sought to establish a strategic partnership with the U.S., designed to figure itself in a high position in the Middle East politics with the support of Washington.

PRC: Column Views New Japan-U.S. Alliance

*HK2106073296 Beijing LIAOWANG in Chinese
29 Apr 96 No 18, p 43*

[Article from "The World Today" column by Jin Xide (6855 3556 1795): "A Turning Point in the Japanese-U.S. Alliance"]

[PTS Translated Text for FBIS] U.S. President Clinton visited Japan from 16 to 18 April and signed with Japanese Prime Minister Ryutaro Hashimoto two documents, the "Japanese-U.S. Security Assurance Joint Declaration" (called the "Joint Declaration" hereinafter) and "Facing the Challenge of the 21st Century — Statement to the Peoples of the Two Countries From Heads of State of Japan and the United States." This summit marks an important turning point in the post-Cold War Japan-U.S. alliance.

When the Cold War ended, the Japanese-U.S. alliance designed to resist the "Soviet threat" faced the choice of either being abandoned or given a new meaning. After years of deliberation, the United States decided to reestablish the Japanese-U.S. alliance to maintain its dominance in East Asia. For this reason, it made loud noises about "destabilizing factors in the Far East" and the "necessity for the U.S. military presence," to create a basis for the Japanese-U.S. alliance under the new circumstances. The U.S. design fit easily with Japan's political ambitions. Thereupon, both sides tried hard to prevent trade clashes from shaking the foundation of their alliance and emphasized the integration of the three pillars, i.e., security alliance, political cooperation, and trade and economic relations, and stressed the role of the security alliance as the basis.

It was against this background that the campaign of Japan and the United States aimed at reestablishing the Japanese-U.S. security system went ahead with intensity in the autumn of 1994. It started with U.S. Assistant Defense Secretary Joseph Nye's vision. The "East Asia Strategic Report" that the United States published last year, Japan's new "Outline Defense Program," and the "Japanese-U.S. Security Assurance Joint Declaration (Draft)," which was due to be published in November last year but was pigeonholed because of the postponement of Clinton's Japan visit, were all phased results of this vision. The recent Clinton-Hashimoto talks set a keynote for the Japanese-U.S. alliance at the turn of the century.

There are two points at the core of this "Joint Declaration." One, it reiterates that the Japanese-U.S. security pact remains the "basis of peace and prosperity in Asia-Pacific"; and two, the two sides "agreed to set about amending the 1978 'Japanese-U.S. Mutual Defense Principles' and that when events in Japan or its surrounding regions have a major impact on Japan's peace and security, the two countries will carry out consultations and cooperation." This implicitly indicated the orientation of such amendments and sparked concern. The Japanese media held that this Japanese-U.S. summit has changed the focus of the Japanese-U.S. alliance from "resisting the Soviet Union" to "coping with emergency events in the Far East" and emphasizes the importance of the Japanese-U.S. alliance in "maintaining peace and stability in Asia-Pacific" and "UN peacekeeping operations," thereby extending the scope covered by the Japanese-U.S. security system to the Far East and Asia-Pacific.

The "Joint Declaration" claimed that "because problems, such as tension and territorial disputes, still exist in some parts of Asia-Pacific," the Japanese-U.S. security alliance is of vital importance to "peace and stability

in Asia-Pacific," and close defense cooperation is at the "core of the Japanese-U.S. alliance," making it necessary for the United States to maintain 100,000 troops in this region. The two sides agreed to negotiate on cooperation between Japan and the United States when "events occur in the Far East." As to the definition of the "Far East," in 1960, the Japanese Government defined it as "the region north of the Philippines plus Japan and its surrounding areas, including Korea and Taiwan." Japan's KYODO News Service said: "Among all the 66 Japanese-U.S. summits since World War II, the Hashimoto-Clinton meeting can be considered a turning point. The Japanese-U.S. alliance designed mainly to defend Japan during the Cold War has now become a security system for checking regional disputes in a wider area."

The scope of "peacetime cooperation" will be expanded and a legal structure built for "cooperation under a state of emergency." On 15 April, just before Clinton's visit, Japan and the United States signed the "Japanese-U.S. Agreement on Mutual Supply of Materials and Labor." It states that the two countries may provide each other with military supplies and services, including weapon parts and fuel. This agreement applies to joint training, UN peacekeeping operations, and international humanitarian aid operations. Though it has not overstepped the confines of "peacetime" cooperation, it does cover the provision of "weapon parts," which contravenes Japan's "three principles of weapons export." Kajiya, chief cabinet secretary, said that this can be regarded as an "exception," offering cooperation to the U.S. Army only.

The real intention of both Japan and the United States is to build a mutual security system that will operate under "a state of emergency." Articles 5 and 6 of the 1960 "New Japanese-U.S. Security Treaty" and the 1978 "Japanese-U.S. Mutual Cooperation Guidelines" laid down provisions of principle on cooperation between Japan and the United States in the event of "Japan under invasion" and "emergency in the Far East." But how much cooperation Japan can actually deliver to the U.S. Army involves the interpretation of Japan's domestic laws. According to the Japanese Government's interpretation of the Constitution, Japan has the "right of individual self-defense," not the "right of collective self-defense." This summit reached an agreement on amending the "Japanese-U.S. Mutual Cooperation Guidelines" as soon as possible and laid a foundation for building a Japanese-U.S. mutual security system to cope with any "state of emergency in the Far East." But U.S. Defense Secretary Perry said that the cooperation between Japan and the United States should continue to be carried out within the framework of the constitution. This indicates that the United States also does not want Japan to take

advantage of this opportunity and embark on the road of building itself into a military power.

PRC: Column Views 'Ominous' U.S.-Japan Pact

HK2106074196 Beijing LIAOWANG in Chinese
29 Apr 96 No 18, p 44

[Article from "International Commentary" column by Tang Tianri (0781 1131 2480): "An Ominous Signal — Comments on the Transmutation of the U.S.-Japanese Assurance Security System"]

[PTS Translated Text for FBIS] U.S. President Clinton paid a three-day visit to Japan from 16 to 18 April. The Japanese and U.S. sides signed a "Japanese-U.S. Security Assurance Joint Declaration" (called the "Joint Declaration" hereinafter). Unlike previous U.S.-Japanese summits, this meeting for the first time discussed the strengthening of U.S.-Japanese security cooperation as an issue of overriding importance, leaving bilateral trade in a secondary place. The "Joint Declaration" and the relevant agreements signed by the two countries indicate that the bilateral security assurance system, with the U.S.-Japanese security treaty at the core, is undergoing a thorough change.

First, the objective and scope of the U.S.-Japanese security treaty have been quietly expanded, from "maintaining Japan's security" to taking care of "the whole of Asia-Pacific."

The U.S.-Japanese security treaty was signed in 1951, amended in 1960, and exists to this day. According to this treaty, the United States stations 47,000 troops in Japan and uses 30,000 hectares of Japan's land for its military bases, to prevent armed attack by other countries on Japan. The United States believed that this treaty could prevent the revival of Japanese militarism on the one hand and, on the other, was needed for the Cold War against the socialist camp. After the Cold War, the U.S.-Japanese security treaty did not weaken following the disintegration of the Soviet Union, but instead showed tendencies of strengthening. In particular, the "Joint Declaration" just published by the heads of state of the two countries redefined the U.S.-Japanese security assurance system as "a basis for maintaining stability and prosperity in Asia-Pacific." This not only has expanded the scope in which the U.S.-Japanese security treaty is applicable but has also presented a "reason" for the United States to retain its military presence in Japan and other parts of Asia so as to continue to play the role of "international policeman" in this region. The Japanese media have also noticed this: "Japanese-U.S. relations have entered a new phase. The Japanese-U.S. security assurance system will have a greater, broader function." ASAHI

SHIMBUN said: "We are compelled to feel concerned about the Japanese-U.S. security cooperation that is developing in the opposite direction." "The security system has become such a structure that the U.S. forces stationed in Japan can operate throughout Asia-Pacific, a vast and loosely defined region. Japan supports this."

Second, the United States and Japan have also agreed to amend the 1978 "Japanese-U.S. Mutual Defense Guidelines" and to set up a special committee for consultations. Its core agenda is to formulate specific measures for defense cooperation between the United States and Japan when "a state of emergency occurs in the Far East." This covers the question of how Japan's self-defense forces can support the U.S. Army in providing naval and air bases, defense intelligence, and fuel supply. This means that the scope of the Japanese self-defense forces' participation in the U.S. Army's operations will be expanded and their military cooperation is becoming a "two-way" deal.

Third, on the basis of the "Japanese-U.S. Agreement on Mutual Supply of Materials and Labor," the two countries have expanded the scope of military cooperation from the provision of bases only to a broader spectrum. This agreement provides that when the U.S. Army and the Japanese self-defense forces conduct peacetime joint training and take part in international activities such as UN peacekeeping operations, the two countries can provide each other with military supplies and labor in 15 categories, including food, fuel, equipment and weapons accessories, transport, communication, health services, and repair. Though the agreement limits the mutual aid to peacetime, it does not proscribe the U.S. Army requesting aid from the Japanese self-defense forces in the event of military conflicts in the Far East, which will lead to the provision of aid for the U.S. Army not just in peacetime, but also during military conflicts. If it reaches this point, this will break the Japanese constitution's ban on exercising the "collective right of self-defense."

These changes indicate that the U.S.-Japanese security assurance system will change from the "single-country type to a regional type" and from "a defensive type to an offensive type." As a result, Japan will also "become a participant, no longer the protected."

Behind the updated security alliance between the United States and Japan are the requirements of each's strategic interests. Japan is the United States' most important military base in East Asia. Nearly half of its 100,000 troops stationed in Asia are in Japan. In recent years, there have been two tendencies within Japan that are unfavorable to the United States' continued military presence in Japan: One, the Okinawa incident aroused strong anti-U.S. sen-

timent among the Japanese public, while public calls for U.S. military personnel and military bases to be pulled out of Japan is mounting; two, the militarist forces in Japan have revived somewhat and are putting increasing pressure on the Japanese Government to strengthen Japan's military defense capacity. Faced with this situation, while being forced to make some concessions and compromises, the United States has updated its security alliance with Japan. On the one hand, this is to pacify Japan in case it shows a tendency to move away; on the other hand, it will encourage Japan to play a bigger role in the U.S.-Japanese security alliance, i.e., in addition to providing more military expenditures in the future, offering military support to the United States in future regional conflicts. Naturally, however, the United States has restricted Japan's role in this respect within certain confines to preclude the danger of Japan superseding the United States or "moving away from the U.S.-Japanese alliance."

As far as Japan is concerned, it still needs the protection from the United States in military terms. It stresses that the U.S. Army's continued military presence in Asia is an important safeguard of Japan's security and of stability in Asia-Pacific. Furthermore, under the updated U.S.-Japanese security assurance system, Japan has turned from "the protected" into a "participant." This offers a good opportunity for Japan to seek the status of a political power and strive to become a military power. Japan and the United States have agreed to strengthen their joint research on new-generation support aircraft and ballistic missile defense systems. According to an estimate by military experts, Japan possesses enough uranium to make at least 100 atomic bombs. Once the political decision is made, Japan can produce quality nuclear weapons within six months. Former U.S. secretary of state Kissinger predicted: "When it gets to a certain point, Japan may deviate from the course of U.S. security and foreign policies." Singapore's LIEN HO ZAO BAO published an editorial on 12 April which pointed out that the U.S.-Japanese security assurance system is undergoing qualitative change. Now that Japan is going to move from "individual self-defense" to "joint offensive," who can guarantee that it will not demand freeing itself from the confines of the "U.S.-Japanese Security Treaty?"

The U.S.-Japanese security treaty was concluded for Japan to receive military protection, including nuclear protection, from the United States. Now, the United States and Japan want to extend its objective, scope, and role to cover the entire Asia-Pacific. This will further complicate the situation in this region. It is not a reassuring message to the world of "maintaining stability and prosperity in Asia-Pacific," but an ominous

[bu xiang 0008 4382] signal jeopardizing peace and development in Asia-Pacific. Many Asia-Pacific nations which once suffered under Japanese aggression and the whole world are warily watching this development.

PRC: Japanese Political Debate on Security Alliance
HK2406083996 Beijing RENMIN RIBAO in Chinese
 29 May 96 p 6

[Dispatch by Japan-Based staff reporter Zhang Guocheng (1728 0948 2052): "Debate on Japan's Future"]

[PTS Translated Text for FBIS] Tokyo, 27 May—Over the past month or so since the Japanese and U.S. leaders signed the "Japan- U.S. Security Declaration," Japan's political, academic, and press circles have conducted a debate on a wide range of issues, including the nature and scope of the Japan-U.S. security alliance, Japan's exercise of the "right of group self-defense" [ji tuan zi wei quan 7162 0957 5261 5898 2938], Japan's constitutional amendments to accommodate future essential changes in the Japan-U.S. security alliance, and so on.

In the course of the debate, the Japanese public has expressed both radical and prudent views on and opposition to the Japan-U.S. security alliance. People with radical views hold: It is now 50 years since the end of World War II. The international situation and Japan's national strength have changed a great deal. Therefore, Japan should introduce an amendment to and shake off the yoke of the 1964 constitution so as to exercise the "right of group self- defense" and play a more important role in regional security. People with prudent views hold: Since any drastic move as advocated by radicals is bound to exert a negative political and social impact on Japan, Japan should take account of world opinion, especially Asia's opinion, and prudently handle "any change in the original Japan-U.S. security alliance." People opposed to the Japan-U.S. security alliance have expressed clear-cut opposition to any amendment to Japan's constitution of peace and to Japan's exercise of the "right of group self-defense," saying that it would be unconstitutional for Japan to do so. Generally speaking, Japanese public opinion supports those opposed to the Japan-U.S. security alliance. In a nutshell, the debate is centered on issues like whether Japan should continue to follow the road of peaceful development or begin sending troops to the Asia-Pacific Region under the pretense of "preserving peace."

To deal with an emergency situation in the Far East, Japan and the United States have decided to revise their "defense cooperation principle." As a result, those in favor of revising the Japanese constitution have gone

all out to publicize a so-called "emergency situation in the Far East," citing the "Korean Peninsula" question, the "Taiwan Strait" question, and the "Nansha [Spratly] Archipelago" question as examples of possible serious incidents. They state that such an economic power as Japan should become capable of "defending its own economic lifeblood." It sounds as if Japan's security were under threat. By publicizing such a so-called "emergency situation," some people in Japan are trying to create an excuse for Japan's remilitarization. In view of this situation, an influential Japanese magazine has published an article entitled "Do Not Be Misled by an Illusory 'Emergency Situation in the Far East.'" It stated that there is no realistic threat to Japan's security in the Far East at the moment. Speaking of some factors of instability in the region, it said that the parties concerned are expected to settle their differences through peaceful consultations. To extend Japan-U.S. military cooperation beyond what is bilateral, it claimed, would only adversely affect Japan's peace, development, and normal social life.

The debate on the Japan-U.S. security alliance has also focused on another outstanding issue, namely, should Japan exercise the "right of group self-defense" together with the United States? The so-called "right of group self-defense" means that being military allies, when one party resorts to a military action, another party has to militarily cooperate with such an action. A Japanese paper published an editorial on 3 May, Japan's "Constitution Day," saying that Japan's exercise of the "right of group self-defense" is unconstitutional and runs counter to crystallized Japanese national will and basic national principles, which have been summed up by the Japanese people from their war experiences. The editorial added: What merits our vigilance is that when an emergency situation breaks out in the Far East, the United States will force Japan to militarily cooperate with it. This means that Japan will have to help the United States secure its political and economic interests by taking part in a war. The editorial stated: By jointly exercising the "right of group self-defence," Japan and the United States will slip back into the old rut of the Cold War, thus intensifying confrontation between different blocs and escalating the arms race. A scholar said: In accordance with the Japan-U.S. Security Treaty, Japan is only entitled to the "right of individual self-defense." It is both unnecessary and impossible for Japan to exercise the "right of group self-defense." He noted that since Japan and the United States have been consulting each other on the question of Japan's exercise of the "right of group self-defense" in an emergency situation in the Far East, as far as Japan is concerned, this is not an issue of "group self-defense," but an issue

that might implicate Japan in a war. This is a rather dangerous situation, he added.

Since Japan is still banned from exercising the "right of group self-defense" by its own constitution, some people have been trying to introduce an amendment to the Japanese Constitution to surmount this "obstacle" and give the green light to Japan's exercise of this right. A Japanese expert on constitutional affairs stated: Under normal circumstances, an amendment is introduced to the constitution only when the national interests are in jeopardy. Article Nine of the Japanese Constitution has secured Japan's peaceful development over the past 50 years. The present situation shows that Japan's national interests are not in jeopardy because of Article Nine. Therefore, there is no need to introduce an amendment to the Japanese Constitution at present. A former Japanese prime minister said: The Japanese Constitution bans Japan from using force overseas, this being an "iron-clad principle" that should remain unchanged forever. He stated that introducing an amendment to the constitution will certainly be opposed by the Japanese people at large and give rise to social upheavals as well. As long as the constitution, which is Japan's basic law, remains unchanged, there will only be limited change. However, once the Japanese Constitution is amended, Japan's development will become unpredictable. This is why Japanese people of all walks of life have kept close watch over any constitutional amendment thus far. It is against such a general background that the Japanese cabinet has of late repeatedly pledged to do things within the framework of the constitution when commenting on revising the principles of Japan-U.S. security cooperation.

Recently, Japanese political circles have made some new moves on the question of the Japan-U.S. security alliance. As far as the three ruling parties are concerned, the Social Democratic Party and Sakigake are opposed to Japan's exercise of the "right of group self-defense" and any amendment to Japan's constitution of peace. The Liberal Democratic Party and Japan New Party, Japan's two largest political parties, have also made public their differences on the question of the Japan-U.S. security alliance. Japan's public opinion holds that Japan's political circles are likely to be divided and reorganized once again in their understanding of the question of the Japan-U.S. security alliance.

PRC: XINHUA: World Bank Approves \$270 Million for China Projects

OW2206004396 Beijing XINHUA in English
2116 GMT 21 Jun 96

[FBIS Transcribed Text] Washington, June 21 (XINHUA) — The World Bank today announced the ap-

proval of 270 million U.S. dollars in financing for two projects in China.

A loan of 170 million dollars equivalent will be provided for China Chongqing Industrial Pollution Control and Reform Project.

The project is designed to combat environmental pollution in Chongqing by integrating environmental protection objectives into economic policies. It will assist in the development of an integrated economic reform policy by linking industrial pollution control and environmental regulation with industrial enterprise reform, particularly of inefficient state-owned enterprises.

Another loan of 80 million dollars and a credit of 20 million dollars equivalent will be used for China's seed sector commercialization project.

The project will assist China in implementing market-oriented reforms to modernize and commercialize the seed sector. Within the framework of the government's overall enterprise reform program, the project will promote liberalization of the seed industry.

The credit will be channeled through the International Development Association (IDA), the concessionary lending arm of the World Bank for developing countries.

PRC: 'Special Dispatch' on Human Rights Conference

OW2006135096 Beijing LIAOWANG in Chinese
6 May 96 No 19, pp 37, 38

["Special dispatch" from Geneva from "The World Today" column by special correspondent Chen Weibin (7115 4850 2430): "Acute Confrontations at the Human Rights Conference"]

[PTS Translated Text for FBIS] The 52d conference of the UN Commission on Human Rights, which lasted six weeks, closed on 23 April. The conference, with 27 votes for and 20 against, passed the decision not to deliberate or vote on the draft resolution on the so-called "China human rights situation," tabled by such Western countries as the United States. This was yet another setback for their attempt to interfere in China's internal affairs using the human rights issue as an excuse. Though the heated confrontations and counterconfrontations on the human rights issue between the Western countries led by the United States and the vast number of developing countries in Asia, Africa, and Latin America in Hall 17 of the Palais des Nations in Geneva has ended for the time being, the confrontations and struggle between the South and North in the international arena of human rights are far from concluded.

Each year, the UN Human Rights Commission holds a six-week conference in Geneva and the participants are mainly 53 member states of the commission. It is also attended by representatives of some nonmember countries and many nongovernmental organizations as observers. The conference should be an event in which all countries can discuss the promotion and protection of human rights worldwide on the basis of equality and mutual respect in accordance with the principles contained in the "Universal Declaration of Human Rights." However, manipulated by a small number of Western countries including the United States, the Human Rights Commission, which used to be a forum in which the East and West were engaged in fierce confrontations, has now become a theater of confrontation between the South and North. After the Cold War ended, the Western countries considered themselves "models of human rights" and "defenders of human rights," constantly attacking developing countries on the human rights issue at human rights conferences. Almost all 58 national human rights resolutions passed by the Human Rights Commission since 1992 have been directed against developing countries. The human rights conference seems to have become a "court" that specializes in trying developing nations. At the same time, Western nations have never said anything about serious violations of human rights within their own countries. Naturally, this kind of bullying is increasingly causing strong discontent and resistance among the many developing countries at human rights conferences.

This year's Geneva human rights conference had a distinct characteristic, that is, the developing nations forestalled their opponents by a show of high political vigilance and team spirit. From the outset, their just appeal, resounding like a big bell, drowned the clamor raised by the West. They criticized and condemned some Western countries for creating political confrontations via the Human Rights Commission; for using the Human Rights Commission as an instrument for promoting their human rights diplomacy; for using the human rights issue as a big stick for striking others; and for measuring human rights conditions against differential human rights standards, so as to achieve their ulterior political objectives that cannot bear the light of day.

Developing nations pointed out that power politics and hegemonism will only lead to confrontations and will not contribute to promoting human rights. They suggested the Human Rights Commission free itself from the influence of the Cold War as soon as possible; discard confrontations; and discuss human rights issues by way of equality, dialogue, and consensus through consultation. The developing nations' demand for cooperation and dialogue and their objection to confrontations

was the theme and strongest note reverberating throughout this conference, displaying a new momentum of Southern countries fighting as one on the human rights front.

Faced with the just appeal from developing nations, a small number of Western countries, including the United States, stubbornly persisted in confrontations. At this human rights conference, the United States once again played both the string-puller behind the scenes and the vanguard, stirring up confrontations. The U.S. permanent ambassador to the United Nations Albright rushed to Geneva on the conference's third day. Speaking at the conference, she posed as a "human rights judge" and advertised the U.S. viewpoint on human rights. She openly attacked by name such countries as Cuba, China, Burma, Nigeria, Iraq, Sudan, and Iran for their human rights conditions, claiming that the United States will "protect those who are persecuted there."

Delegates from China, Cuba, and Iraq immediately and sternly hit back at such a provocative attack. They pointed out that the purpose of the United States persisting in creating confrontations at the Human Rights Commission conference is to impose power politics and hegemonism on other countries and interfere in their internal affairs.

During deliberations on national human rights issues in the later part of the Human Rights Commission conference, U.S. and EU delegates launched another attack on developing nations. In their speeches, they went even further and attacked by name more than 60 countries for their human rights conditions. They also forwarded a series of draft resolutions against developing nations. The head of the U.S. human rights delegation even threatened to let "the Damocles' sword" continue to hang above those governments that "trample on human rights." When the Human Rights Commission was discussing, off session [hui xia 2585 0007], the suggestion made by many developing countries that the Human Rights Commission should change the confrontational voting method it had been using and try as much as possible to examine its decisions and draft resolutions by unanimity through consultation, the Western nations again created all sorts of obstacles, as a result of which the discussion of the relevant resolutions had to be postponed. Besides, the United States and other Western countries also instigated the representatives of many nongovernmental organizations to attack developing nations willfully and used these people to cook up sensational rumors and lies to vilify the images of developing nations. All this seriously damaged the atmosphere in the conference hall and aroused widespread indignation among the developing

nations. The delegates from some developing nations pointed out that what the Human Rights Commission was conducting was not a normal debate on human rights issues, but a premeditated tangled fight created by the West to confront developing countries and achieve their ulterior objective of interfering in other countries' internal affairs under the excuse of human rights.

The China-U.S. struggle was the most intense one and became the focus of attention of the international media. The United States and some other Western countries had constantly tried to bring China down with a breakthrough on the human rights front by taking advantage of the changes in the international situation following the end of the Cold War. They had made five attempts to have the UN Human Rights Commission adopt an anti-China motion, but had failed each time because of objections from the majority of nations. At this year's human rights conference, because of its political prejudice against China and the needs of its presidential elections, the United States persuaded some Western countries to direct their attack mainly at China. Before this conference opened, the U.S. State Department published a "Human Rights Report," wantonly slandering China's human rights conditions and preparing public opinion for its confrontation with China at the conference. The U.S. ambassador to the United Nations threatened at a news conference held in Geneva that the United States would take the initiative at this conference to make sure that a draft resolution on China's human rights conditions be adopted. On the one hand, the United States repeatedly attacked China by name and, on the other, urged the EU to close the rift among themselves and put forward a draft resolution against China as soon as possible. In the meantime, the United States also extensively mobilized the media organizations of some Western countries and some nongovernmental organizations to conduct large-scale anti-China propaganda and influenced and pressurized member countries of the Human Rights Commission by political, economic, and diplomatic means to achieve their goal of defeating China. The Western media bluntly admitted that the party that the United States was determined to tackle at this conference was China.

However, the situation of struggle at this year's conference was favorable for China, not the West. First, China upheld justice at the human rights conference; resolutely exposed the blatant act of the United States and a handful of other Western countries in creating political confrontations and applying double standards at the conference and using human rights to impose power politics and hegemonism on the vast number of developing nations; and demanded promoting human rights by cooperation and consultation on equal footing. Many

speeches were brilliantly delivered. They were straightforward and not beating about the bush and carried all before one, winning positive responses and support from more and more countries.

Second, more and more developing countries felt very unhappy and fed up with the United States and other Western countries interfering in other countries' internal affairs at human rights conferences over the years under the excuse of human rights. Their antagonism was unprecedentedly high. The United States and other Western countries became common targets in the debate on some topics and found themselves even more isolated. Thanks to the concerted efforts of developing nations, they had to make concessions in adopting some resolutions, such as the one on realizing the right to development.

Third, through the United States' human rights diplomacy, developing countries were able to see more and more clearly that the United States and other Western countries' human rights resolution bill against China was aimed not only at China, but also at other developing countries at large. When voting on the human rights resolution on China, they were very complimentary about China's social and economic progress and its achievements in the improvement of its human rights situation and firmly objected to voting through this bill. Because of their support, the West met with defeat for the sixth time in their anti-China attempt at the deliberation stage.

It was before the China bill was put to vote that a Western representative voiced his pessimism, saying that they had failed five times and if they were to fail again this year, there would not be much they could do in the future. His feeling was right. Peace and development are the two themes that developing nations around the world are most concerned with today. The serious consequences of Western countries promoting Western-style democracy in developing countries are increasingly recognized by the people of the world and the demonstration effect of an ever-flourishing China is also increasingly evident. Western countries should indeed carefully consider what to do next year.

United States & Canada

PRC: Official: 1997 Handover Reason for FBI Planning PRC Bureau

HK2406074596 Hong Kong SUNDAY HONGKONG
STANDARD in English 23 Jun 96 p 1

["Exclusive" by a staff reporter]

[PTS Transcribed Text for FBIS] The Federal Bureau of Investigation [FBI] has launched sensitive negotiations

with the Chinese government to finalise plans to open a bureau in Beijing.

And a Chinese government official said the handover in Hong Kong next year was a key reason for the FBI expanding operations into China.

Han Lin, a spokesman for China's Public Security Ministry in Beijing, told *The Sunday Hongkong Standard* that the FBI had written to his office asking for permission to open an office in Beijing.

"They said they want to set up an FBI office as quickly as possible," Mr Han said.

"They said one of the reasons is because of the handover."

Mr Han would not go into detail about the contents of the letter or why the FBI felt it was necessary to increase its presence in Beijing because of Hong Kong's transfer of sovereignty.

The office would be located in the United States Embassy in Beijing.

Tom Cooney, a spokesman for the US Consulate General in Hong Kong, confirmed that the FBI had planned a new office.

"It is not open yet. It's still in the planning stages," he said.

Mr Han said the FBI would need approval from the Chinese Foreign Ministry and the Public Security Ministry for a new office.

China watchers say the Chinese government regards the FBI as a "spy agency" and it was unlikely that permission would be given to operate from Beijing.

The *Sunday Hongkong Standard* first learned of the bureau plans from senior New York City police officers who visited the territory after an operation on the mainland.

They said that the Beijing FBI bureau was already operating.

However, that report could not be confirmed.

"The FBI just opened an office in Beijing because of the handover," New York Detective Steven Banks said.

"The FBI wanted more of a presence in mainland China."

The New York police officers had met with Chinese government and police officials to trade information on international illegal immigrant smuggling and kidnapping cases.

FBI director Louis Freeh first raised the prospect for a permanent Beijing bureau in a speech on Asian organised crime last year.

Mr Freeh also said the FBI wanted to open bureaus in Seoul and Taipei.

"Expansion of the FBI's investigative efforts against Asian criminal enterprises will require the FBI to further expand the scope of its international liaison activities," Mr Freeh said.

"That expansion is necessary in order to engage in meaningful law enforcement partnerships with the foreign governments that face this common enemy."

The FBI currently has offices in 23 countries.

About 70 agents work in the overseas offices, including one in Hong Kong, which is located in the US Consulate General on Garden Road, Central.

The last time the FBI opened a new bureau was 23 months ago in Moscow.

FBI watchers say an increase in international organised crime, protection of foreign diplomats and better communication with local police officials were some of the reasons for opening the Moscow office.

US authorities have been particularly alarmed by the increase in smuggling of illegal immigrants out of China and kidnappings of Asians in the US, where family members in China are asked to pay a ransom.

Enforcement agencies are also concerned about Hong Kong's role in a growing triad presence in the US.

In New York city, ransom demands were made to wealthy mainland families in 21 out of a total of 66 kidnappings in 1994.

Mr Freeh said the Asian population of the US reached 7.2 million in 1991 and was expected to reach 12 million by 2000.

The FBI was created in 1935 by the US Department of Justice. It has 10,158 agents working throughout the world.

PRC: Sino-US. Economic Links 'Expected To Enter a New Stage'

HK2406092896 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 23-29 Jun 96 p 1

[By Sun Hong: "New Stage in Sino-US Ties"]

[PTS Transcribed Text for FBIS] The successful settlement of intellectual property rights (IPR) discussions between the United States and China will pave the way

for the Sino-US economic relationship to move to a new stage, according to some analysts.

Officials from the two sides reached an accord last Monday on strengthening IPR protection, averting a multi-billion-dollar trade war between the two giants and winning widespread applause from business circles.

The US had threatened to impose \$2 billion worth of sanctions on China, which Chinese officials warned would arouse tit-for-tat measures from China and would damage the overall bilateral relationship.

Both governments expressed satisfaction over the deal. US President Bill Clinton described it as a "good agreement" which proved the need for Washington to remain engaged with Beijing; Chinese Foreign Ministry spokesman Shen Guofang said it "will no doubt be conducive to the improvement and development of Sino-US relations."

Jin Ligang with the Ministry of Foreign Trade and Economic Co-operation (Moftec) said the accord "removes a major obstacle" in Sino-US trade and economic co-operation: "Economic links between the two countries are expected to enter a new stage."

Jin, in charge of US affairs at Moftec, noted the bilateral economic relationship has long been on a bumpy road. Continuous development of the relationship has been accompanied by disputes and occasionally overshadowed by politics.

He said the resolution of the IPR issue indicates that neither side wants a trade war. During this round of consultation, both sides showed pragmatism, "which is the only correct attitude to help promote healthy development of Sino-US economic ties."

He said it is possible that some other problems might emerge in the future, considering the enormous trade volume and deepening co-operation between the two countries, but "the key is how they are approached."

Li Changjiu, a professor at a Beijing-based world affairs studies centre, pointed out that the win-win deal was hammered out at a time when both of the dominant political parties in the US agree that the Sino-US economic relationship is important and deserves appropriate treatment, as shown by the recent speeches by leaders of both parties.

"This hinted that bilateral economic ties might be freed from the frequent interference by political elements to a certain degree in the future," he said.

Another local analyst said it is still too early to say the Sino-US economic relationship is warming up, as some potential problems remain. But "the fine atmosphere" between the United States and China

currently makes direct contacts between high-profile government officials possible.

While no schedule for meetings between leaders of the two countries is available yet, Jin of Moftec revealed that Mickey Kantor, US Secretary of Commerce, has invited Moftec Minister Wu Yi to visit the United States this autumn.

Wu is expected to co-chair the 10th session of Sino-US Joint Commission on Commerce and Trade (JCCT) with Kantor, her US counterpart.

Jin said JCCT is a very important vehicle in promoting trade and economic co-operation between the two countries, and he believes the forthcoming meeting "will inject new energy into bilateral economic links."

He also said the two sides are working on a scheduled co-operation programme to train Chinese managers. The programme, based on an initiative by Wu Yi and the late US Secretary of Commerce Ron Brown last August, is intended to boost the talent pool to feed the demand of increasing US-funded enterprises in China.

Last year alone China approved 3,372 US-invested projects. Pledged US capital reached \$8.06 billion and actually used US investment totalled \$2.47 billion.

"More vigorous development is predicted if political elements get in the way less," Jin said.

Bill Gates, chairman of Microsoft Corp, last week praised the IPR accord. "Microsoft sees great potential for the development of a strong local software industry in China and is supporting this development by investing in products, people and infrastructure."

US auto giant General Motors' Chairman John Smith said the company hoped the accord would "contribute to a stable, long-term relationship between the two countries."

Smith said: "An important next step for continued progress in this evolving relationship is the granting of most-favoured-nation (MFN) trading status to China. We urge swift and expedient action by Congress to support the president's decision to renew MFN for China."

A spokesman for Hong Kong authorities said Hong Kong is "pleased" to see a Sino-US trade war be avoided. The Hong Kong authorities had estimated that sanctions would cost Hong Kong \$13.4 billion of its re-export trade as well as 11,500 jobs.

PRC: RENMIN RIBAO Commentary on IPR Talks
OW2206132796 Beijing RENMIN RIBAO in Chinese
 20 Jun 96 p 1

["Commentary" by RENMIN RIBAO reporter Gong Wen (7895 7186): "Dialogues Are Better Than Confrontation — On Sino-U.S. Negotiations on Intellectual Property Rights"]

[FBIS Translated Text] At about 2000 [1200 GMT] on 17 June, Chinese and American representatives engaged in intellectual property rights [IPR] consultations [cuo shang 4322 0794], exchanged smiles, and shook each other's hands. The satisfactory results they achieved in their decade-long IPR negotiations [tan pan 6151 0445] had averted an imminent trade war.

The negotiations lasted 12 days. Following the informal consultations [fei zheng shi cuo shang 7236 2973 1709 4322 0794] from 6 through 7 June, members of the U.S. delegation visited Guangdong from 10 through 11 June to familiarize themselves with the enormous efforts China has made in protecting IPR. The formal consultations [zheng shi cuo shang 2973 1709 4322 0794] started on 15 June, and the ministerial-level talks [hui tan 2585 6151], chaired jointly by Shi Guangsheng, vice minister of foreign economic cooperation and trade on the Chinese side, and Charlene Barshefsky, acting U.S. trade representative on the U.S. side, started on 15 June.

The two sides' disputes focused primarily on these four issues: 1) Closing CD [compact disc] plants; 2) extending the period for special law enforcement; 3) intensifying custom offices' law enforcement along border areas; and 4) market access (or international cooperation). The consultations, which were laborious and complex from beginning to end, proceeded with great seriousness in a tense atmosphere. For several days, a big crowd of reporters had gathered outside the Ministry of Foreign Trade and Economic Cooperation [MOFTEC] building where the negotiations took place. As far as the Chinese representatives were concerned, that was a period to test their spirit, willpower, knowledge, and physical strength. While they expected the best, they were also prepared for the worst. They carefully deliberated on each and every word of the text [wen ben 2429 2609] and argued strongly on just grounds.

After five days of frank and constructive talks, the Chinese and U.S. sides finally reached a consensus. The U.S. side declared that it would call off its intended retaliatory trade measures against China and promised to drop China from the priority list under Special 301 screening. At the same time, the Chinese side also

announced that it would call off its intended counter-retaliations against the United States.

Recalling the round of consultations, an official of the State Council IPR Office, said with deep feeling: "Aside from rich experiences and superb negotiation skills, the success of the consultations was due primarily to the fact that the Chinese side fought a prepared battle. China had indeed comprehensively fulfilled the IPR agreement [xie yi 0588 6231], and this made the nitpicking Americans feel they had nothing to nitpick about. This shows that managing our affairs at home properly is the most essential requirement for promoting foreign economic cooperation and trade."

IPR as an intangible asset is playing an increasing conspicuous role in social and economic lives. Driven by commercial interests, however, infringements exist everywhere in the world. Ever since China embarked on reform and opening up, the government has been working very hard on protecting IPR and has signed a string of related international agreements. The progress it has achieved in making laws and enforcing them has grabbed worldwide attention.

Being the biggest country in the world to protect IPR, the United States has made it a practice to use IPR protection as a sword to exercise pressure on other countries — and a big stick that it has often brandished in recent years to threaten China with trade sanctions. During the last 10 years, China and the United States have held four rounds of regular [zheng gui 2973 6016] negotiations (referring to those in which agreements were signed) — including more than 60 large and small consultation sessions — on IPR issues. The longest round of negotiations lasted 22 months. On 30 April this year, the United States unilaterally announced it was placing China on the priority list under Special 301. Then, on 15 May, the United States announced a list of goods worth \$3 billion on which it would impose trade sanctions.

Zhang Yuejiao, director of MOFTEC's Departments of Treaties and Laws and a law expert who has been present at IPR negotiations for 10 years, said: "We protect IPR not because we have to listen to [ting ming 8126 0730] the United States, but because China has to develop its economy and science and technology. In fact, regardless of whether China and the United States reached an agreement, the Chinese Government would continue to strictly enforce the law and crack down on IPR infringements as it has always been doing."

During the consultations, reporters one day noticed that U.S. Acting Trade Representative Barshefsky was wearing a Chinese-style silk jacket whereas Shi Guangsheng, head of the Chinese delegation, was wearing a

standard Western-style business suit and leather shoes. When they stepped into the negotiation hall, the reporters could not help smiling at their "reversed" preferences. In fact, China and the United States are highly complementary in economic areas, and the potential for the two countries' economic and trade cooperation is enormous. Trade sanctions have always been a two-edged sword. The more developed a country is, the more it has to depend on international economic ties. While the United States might have temporary satisfaction by imposing sanctions on China, which is the biggest developing country in the world, it would suffer far greater losses than China would. The results of the just-concluded round of negotiations not only will lay a foundation for all-around improvement of Sino-U.S. economic and trade relations and substantially benefit Chinese and U.S. business concerns, but will also have a positive impact on world peace and regional stability. That is why insightful Chinese and foreigners alike wholeheartedly applaud the results.

Sino-U.S. IPR negotiations have once again proved that trade frictions between states should only be resolved through consultations on an equal footing and by respecting facts and seeking similarities while reserving differences. Just as President Jiang Zemin said while meeting with Barshefsky: "Dialogue is better than confrontation, and cooperation for mutual benefit is better than imposing sanctions."

PRC: Rubbish Exports Criticized as Human Rights Violation

HK2406013496 Beijing JINGJI RIBAO in Chinese
11 Jun 96 p 1

[Article by Guo Ji (6753 0679): "What Does Question of 'Foreign Rubbish' Prove?"]

[PTS Translated Text for FBIS] Recently, China's Beijing, Shanghai, Qingdao, and other places have found several overseas containers containing "waste paper and waste metals" in name but harmful and germ-carrying rubbish popularly known as "foreign rubbish" in reality. This incident has caused an outcry within Chinese and foreign environmental protection circles and media. Nevertheless, this is not the first time that "foreign rubbish" has been found in China. Since certain developed countries have time and again exported rubbish to developing countries and regions, people cannot help asking why the United States, a country that claims to have the utmost respect for "human rights" and "bitter hatred" for "human rights violations" in other countries, has shipped poisonous and harmful rubbish to and thereby violated human rights in other countries in total disregard of generally acknowledged international truths and intuitive human knowledge. In a nutshell, the

question of "foreign rubbish" is neither a question of "rubbish" nor a question of "environmental protection," but a question of certain developed countries violating human rights in other countries.

"Foreign rubbish" primarily refers to rubbish shipped out by industrialized countries." Industrialized countries the world over have achieved economic and social prosperity by consuming a large quantity of resources on the earth. However, at the same time, they have also produced large quantities of industrial and household rubbish. According to estimates of the International Environmental Protection Organization, the United States alone produces some 2.2 billion tons of industrial rubbish and more than 200 million tons of household rubbish every year, accounting for one-fourth of the world's total. The United States annually exports more than 10 million tons of rubbish to developing countries.

Rubbish-exporting countries should be held responsible for the problem of "foreign rubbish," for they have had problems in guiding ideology, waste export control measures and management, and environmental protection policies. The "Basel Convention," a document signed in 1990, stipulates that developed countries are banned from exporting dangerous wastes to developing countries for final disposal. The document was again discussed and amended by representatives of more than 100 signatory states and regions in September, 1995. The revised "Basel Convention" more explicitly stipulates: "Developed countries are banned from dumping and piling up poisonous wastes in other countries and from proliferating pollution to neighboring countries." However, the United States, the world number one rubbish-producing country, has refused to accede to the "Basel Convention" on the pretext that its own laws are still "incompatible with the convention in some respects." This proves how high-handed the United States is. On the one hand, developed countries are accusing developing countries of having "a backward sense of environmental protection"; on the other hand, developed countries are taking the lead in proliferating pollution by shipping large quantities of harmful rubbish to developing countries. This fully shows that they are harming others to benefit themselves. Is it not true that the United States has repeatedly claimed to be "the world human rights policeman?" The fact is that the United States has violated human rights in other countries by exporting rubbish to them. Apart from exporting rubbish to other countries, developed countries are still consuming large quantities of the earth's limited resources, creating serious waste, discharging large quantities of pollution into the sea and the sky, and relocating industries that cause serious pollution to other countries and regions.

Therefore, they are unfair to and have violated people's subsistence rights in developing countries and regions.

The international community should rise up to condemn and stop rubbish exports, a behavior that benefits oneself at the expense of others. Meanwhile, developing countries and regions should also undertake efforts to strengthen customs management and commodity inspection so as to keep themselves away from harmful foreign wastes.

PRC: Column Blasts USIA Report on Human Rights

*HK2406013996 Beijing RENMIN RIBAO in Chinese
4 Jun 96 p 6*

[Article from "International Forum" column by Bu Wen (0592 0795): "A Fatuous Trick of the U.S. Information Agency"]

[PTS Translated Text for FBIS] On 20 May, the U.S. Information Agency [USIA] suddenly published "Background Material: U.S. Human Rights Policy."

It certainly did not do this for no reason

In recent years, the U.S. human rights policy has drawn resentment and opposition from more and more countries around the world, particularly developing countries. The U.S. annual report on human rights has incurred public wrath by making irresponsible remarks about more than 190 countries and regions. Recently, at the 52nd Conference of the UN Human Rights Commission, the United States spurred certain countries to launch attacks on China and was firmly determined to pass a resolution critical of China, which again unexpectedly suffered a crushing defeat. More to be resented is that while it possesses a poor human rights record, the United States finds fault with others everywhere. This is overbearing. In the face of a thousand accusing fingers, the United States finds itself in an awkward position. This is the reason why the United States could not but adopt the USIA report to defend itself.

This 1,000-word report, however, casts light on certain issues.

First, it provides cover for widespread resentment at the U.S. State Department's annual human rights report. It says: This report "aims to draw the attention of international opinion to human rights violations in all parts of the world," and "it should be admitted that the means of improving human rights must vary from

country to country." The United States finally admitted that all countries have different national conditions and that their human rights situations cannot be improved in accordance with one country's single pattern and method. However, this does not in the least mean that the United States will no longer act as "human rights guru." USIA says: "As human rights are a component of U.S. foreign policy, U.S. foreign initiatives and its trade and aid measures in due course will promote human rights in certain countries under specified situations." That is to say, everything has to be done in accordance with U.S. wishes. It seems that "human rights guru" is a more precise title for the United States than "human rights guardian," "human rights policeman," and "human rights judge." In fact, the United States has taken its advocacy of human rights as a religion and demands that the world believe in it. Hence, anyone who is in disagreement with its dogma will be regarded as a heretic and will be attacked and excluded.

The article specially defends at length the human rights situation in the United States. It admits that "although the articles of the Constitution adopted by the United States embody basic human rights, they have failed to ensure the basic human rights of a great many citizens—particularly African-Americans, Native Americans and all women—throughout most of its history." As far as these people are concerned, it cannot be denied that human rights violations are very serious in the United States. It is "commendable" that the United States, which always makes accusations in a threatening manner against others everywhere, should admit this terrible reality. However, the USIA article whitewashes the United States saying: "No society in any form itself can ensure that the basic principles of human rights will be fully observed, and there are violations of important human rights principles both in democratic countries and in other forms of government." "The United States is still trying to make its democracy—which has a history of more than 200 years—more strictly comply with the human rights and civil rights stipulated in the Constitution, yet it knows how hard it is to make real and prolonged improvements in human rights."

So that is how things stand! No society can ensure that it has no human rights violations, and it is so hard to truly improve human rights. For this reason, even though the United States has a democratic history of more than 200 years, it cannot ensure that a large number of its citizens will enjoy basic human rights. This is "a matter of course."

People then cannot but ask: Why should it not be hard for many countries to improve their human rights, like the United States, which has a "democratic history of more than 200 years?" Why do they have to ensure that they have no human rights violations? Why does the United States have to "adopt measures" against these countries in foreign affairs, trade, and aid? Is it not even more necessary for the United States, which has yet to ensure the basic human rights of a good many of its citizens, particularly blacks [hei ren], Indians [yin di an

ren], and women, to "take measures" in these respects to promote its own human rights first?

By resorting to sophistry in self-justification, the article is both incoherent and self-contradictory, and the more it tries to hide, the more it is exposed. It seems that the USIA trick turned out contrary to wishes and has done the United States a disservice. This has proven to be a fatuous trick!

Political & Social

PRC: Jiang Zemin Speaks at CPC Anniversary Forum

OW2106145596 Beijing XINHUA Domestic Service in Chinese 1010 GMT 21 Jun 96

[By RENMIN RIBAO reporter He Jiazheng (0149 0502 2973) and XINHUA reporter Zhu Youdi (2612 1635 2769)]

[FBIS Translated Text] Beijing, 21 Jun (XINHUA) — The CPC Central Committee held a forum at the Great Hall of the People today, marking the party's 75th founding anniversary. Jiang Zemin, CPC Central Committee general secretary, joined other leading comrades of the Central Committee in listening attentively to speeches by representatives of exemplary communists and young and middle-aged cadres, and delivered an important speech, entitled "Strive to Build a Contingent of High Quality Cadres." He emphatically pointed out: Energetically strengthening the building of the ranks of cadres and raising the quality of cadres at large, leading cadres in particular, to ensure the steady progress of China's reform and construction, the smooth realization of the magnificent cross-century goal, and the long-term political order and stability of the party and the country has become a major task for all party members, which must be carried out without delay.

The Great Hall of the People was permeated with a solemn and lively atmosphere today. At 0900, representatives of outstanding leading cadres and exemplary communists from various parts of the country, members of the Central Party School's training class of young and middle-aged cadres, and senior officials of the relevant departments happily converged at the venue to celebrate the CPC's 75th birthday, to review the party's glorious course over the past 75 years, and to look forward to the splendid future of China's vigorous socialist modernization drive. When party and state leaders Jiang Zemin, Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, and Hu Jintao entered the hall, they received a prolonged standing ovation from all in attendance.

Hu Jintao, CPC Central Committee Political Bureau Standing Committee and Secretariat member, officiated at the forum today.

Leading comrades Ding Guangen, Tian Jiyun, Li Tieying, Yang Baibing, Wu Bangguo, Zou Jiahua, Jiang Chunyun, Qian Qichen, Wei Jianxing, Wen Jiabao, Wang Hanbin, Chi Haotian, Ren Jianxin, Luo Gan, and Wang Zhaoguo attended the forum.

In his speech, Jiang Zemin said: The CPC's 75-year course shines with great splendor. Over the past 75 years, we have learned a basic principle from our

experiences: That is, to lead and triumph over a cause, the party must have the correct theory and line as well as a contingent of high quality cadres who will resolutely implement the party's theory and line. Now that our party and our country are in a crucial historic period of building socialism with Chinese characteristics to realize the revitalization of the Chinese nation in all fields, energetically strengthening the building of the contingent of cadres has become an especially important and pressing task.

Discussing the basic requirements for building a contingent of high quality cadres, Jiang Zemin said: Party cadres in all posts, first and foremost leading posts, must have the basic political and administrative quality. First, they must have lofty communist ideals; adhere to the correct political orientation; and steadfastly implement the party's basic theory, basic line, and principles and policies. Second, they must strive to put into practice the party's objective of serving the people wholeheartedly; forge close ties with the masses, especially workers and peasants; and resolutely safeguard the interests of the people. Third, they must emancipate their minds; seek truth from the facts; proceed in everything from the realities; know how to blaze a new path; and possess the thinking and working methods of dialectical materialism. Fourth, they must set good examples in observing the law and discipline; be honest and clean in performing duties; carry forward the spirit of hard work and plain living; consciously reject corrosive influences to prevent changes of color; and firmly oppose negative and corrupt phenomena. Fifth, they must study diligently; work hard and respect their profession; constantly build up their knowledge and experiences; and have the professional knowledge and competence necessary for their work.

Jiang Zemin emphasized: To educate and enhance cadres, it is essential first to unfold in-depth, sustained study among cadres, particularly leading cadres at various levels, with the most basic studies being Marxism-Leninism and Mao Zedong Thought, particularly Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. It is necessary to solidify the Marxist and socialist political orientation and position, firmly establish the correct world outlook, outlook on life, value concept; master the scientific methods in observing events; enhance capability in differentiating theoretical and political rights and wrongs; and improve the level of solving practical problems with the party's basic theory and line, so as to guarantee the healthy development of China's reform, opening up, and modernization. Meanwhile, we should insist in tempering cadres amid practice, our party's basic means in training cadres. The on-going practice of building socialism

with Chinese characteristics should serve as a big school where cadres are toughened and enhanced. All cadres must identify their historical responsibility; actively join the practice of hundreds of millions of people; take the initiative of going to the front line of reform and construction, to the grass roots, to places mired with problems and difficulties, and to localities where the party and the masses need us most.

Jiang Zemin pointed out: The building of leading bodies is the focal point of the entire cadre building. The party must be well managed; and in this respect, leading bodies and leading cadres must first be well managed. To run the party in a strict manner, it is necessary to first improve leading bodies and leading cadres. The policy of "making the ranks of cadres more revolutionary, younger in average age, better educated, and professionally more competent" and the principle of equal stress on integrity and ability must be persisted in building good leading bodies at various levels, making them a strong collective with overall high quality, capable of supplementing each other and firmly implementing the party's basic theory and basic line.

In his speech, Jiang Zemin placed high hope on young cadres. He said: Leading a stable, developed, and dynamic China into the 21st century requires long-term persistence in the party's basic theory and basic line, and in the final analysis, depend on the healthy growth of the younger generation and young cadres. Young comrades must closely link their fate with that of the motherland and the people and voluntarily work hard for the great undertaking of building socialism with Chinese characteristics. He awarded the following four points to young cadres, namely, study hard, work industriously, dare to create, and dedicate voluntarily. He expressed the hope that young cadres will take the advanced, exemplary figures — who reflected our party's fine traditions and the spirit of the time — as examples, and face the people and their work with enthusiasm and a high sense of responsibility, going all out to excel in their respective work place through hard work, enterprising spirit, practicality, and creation.

Jiang Zemin's speech received a peal of applause.

At the forum's closing, Hu Jintao said: General Secretary Jiang Zemin's just concluded speech has great significance for guiding the new great project of continuing to promote party building under the new circumstances and improving the quality of leading bodies and the ranks of cadres at the present and for some time to come in the future. Party committees at all levels must diligently study, thoroughly comprehend, and actively implement the guidelines of the speech, striving to take a firm and effective grip on the major task of

building a contingent of high quality cadres, which has a vital bearing on the future destiny of the party and the country and the overall situation of the socialist modernization drive. The goals of China's national economic and social development for the next five and 15 years have already been clarified, the magnificent blueprints drawn, and the general political principles laid. Through commemorating the party's 75th founding anniversary, we will further mobilize all party comrades, closely rally around the party Central Committee with Comrade Jiang Zemin as the core, inherit the party's glorious tradition, carry forward the party's fine work style, obtain a clear understanding of the situation, strengthen confidence, work hard and with one heart and one mind, and strive to realize the magnificent cross-century objective.

At the forum 12 representatives of exemplary communists who made outstanding contributions to the socialist modernization drive attracted special attention. They were: Li Guoan, model regiment commander of the water supply engineering regiment under the Beijing Military Region, who has endured hardships in the Gobi grassland over a long time to find and deliver water to army men and civilians in the frontier, thus "feeling no shame before the party and the people" and "dedicating his findings of clean water to tens of thousands of households." Wu Tianxiang, deputy director of the complaints office in Wuchang District, Wuhan City in Hubei, who has worked assiduously and selflessly at his post and shared the burdens of the party and the government by solving practical problems with perseverance and consistency for the masses of people. Chen Jinshui, director and party committee secretary of the meteorological station in Tibet's Qamdo Prefecture, who has thrice gone to work in Tibet for a total of 33 years, making outstanding contributions in setting up the highest meteorological station above sea level in the world. Xu Hu, plumber-electrician of the Zhongshan North Road Housing Management Station in Putuo District, Shanghai, who loves his job, respects his profession, and performs extraordinary work at an ordinary post in the spirit of "letting me alone toil at my work but letting tens of thousands of households enjoy the convenience." Li Shuangliang, scum control adviser of the Shanxi Taiyuan Steel Corporation, retired but continued to work and who removed 10 million cubic meters of iron cake in 13 years, creating 160 million yuan in direct income for the state. Shi Laihe, secretary of the Liuzhuang Village party branch in Henan's Xinxiang County, who united and led local peasants to forcefully develop collective economy to achieve common prosperity. Niu Yuqin, a peasant of Dongkeng Township in Shaanxi's Jingbian County, contracted thousands of mu of desert land and afforested 17,000 mu of it. Mi Jitaili, secretary of Boyakeqigeli Village party branch

in Xinjiang's Shule County, led local peasants to improve livelihood, with few decades' hard work, increasing local residents' per capita income from 42 yuan to 1,048 yuan. Zou Jin, a member of the China Institute of Engineering and a member of the technology committee of the China Lekai Film Company, has been studying light-sensitive materials for a long time and developed the international-standard Lekai line of film, making great contributions to the country. Zhang Zaijun, a young senior teacher of a primary school in Quanzhuang Township in Shandong's Yishui County, has dedicated himself to teaching and nurturing the younger generation in a mountain area despite difficult local conditions. Liu Ping, director of the public security bureau and secretary of bureau's party group in Heilongjiang's Dongning County, has worked on the public security front for a long time, who is clean and honest and has refused to be corrupt and contaminated, and who has made outstanding contributions to ensuring that local economic construction and border trade are carried out smoothly. Yuan Tingjue, a full-time administrator of the taxation bureau of Fujian's Qingliu County, has worked diligently, selflessly, devotedly, and courageously, and who has collected 1 million yuan of taxes for the state.

Speaking at the forum were Li Guoan, Wu Tianxiang, representatives of middle-aged and young cadres, and Liu Zhijun, chief coordinator of transportation work of the Railways Ministry. In discussing their thoughts about their growth, they said: The growth of CPC members and party cadres is inseparable from the party's education and cultivation and from the masses' support and concern. As long as we keep the party's goal in mind, carry forward the party's good traditions, wholeheartedly serve the people, firmly establish a correct world outlook and outlook on life, have a correct understanding of values, are more politically mature, have a purer party spirit, and have a more down-to-earth work style, we will be able to withstand the trial of reform, opening up, and the socialist market economy, and will be able to measure up to the party and people's expectations on us.

PRC: Jiang Zemin Speaks on Enhancing Quality of Party Officials

OW2106150396 Beijing XINHUA in English
1428 GMT 21 Jun 96

[FBIS Transcribed Text] Beijing, June 21 (XINHUA) — Chinese Party leader Jiang Zemin today called for efforts to cultivate and enhance the quality of Party and governmental officials.

Jiang, general secretary of the Chinese Communist Party Central Committee, was speaking at a meeting held in the Great Hall of People here today to mark the 75th

anniversary of the founding of the Chinese Communist Party.

Jiang laid emphasis on ensuring a smooth development of the country's reforms and construction, guaranteeing a successful achievement of cross-century goals, and securing a long period of peace and stability of the Party and the country.

Jiang stressed the need to redouble efforts to strengthen the building of a contingent of high quality cadres and improving the quality of all cadres, especially leading officials, saying it is a major task for the whole party that "brooks no delay."

Hu Jintao, member of the standing committee of the CPC Political Bureau, presided over today's meeting, which was attended by other top Party and government leaders, representatives of outstanding leading officials and party members from all over the country, and trainees from the Central Party School.

"We've got one basic piece of experience over the past 75 years, that is, any success of our course led by the Party needs not only the correct theories and lines, but also a contingent of high quality cadres who can firmly implement the Party's theories and lines," Jiang said.

It is extremely important and urgent to strengthen the building of a contingent of high quality cadres in such an important historical period, as the Party and the nation have devoted their efforts to building socialism with Chinese characteristics, and to realize an all-round vitality of the nation, he said.

Speaking of the basic requirements for qualified Party and governmental officials, Jiang pointed out that whatever jobs they take, Party cadres, especially the leading cadres, must all possess the same basic political quality.

The most important, he said, was that they must have the lofty ideals of communism, stick to a firm and correct political orientation, be unswerving on the road to building socialism with Chinese characteristics, and to carry out the Party's fundamental theories, basic lines and policies in a firm and thorough-going way.

What is more, he said, they should devote their efforts to putting into practice the Party's sole purpose to serve the people wholeheartedly, to maintain close ties with the masses of people, and to safeguard the people's interests.

Thirdly, cadres should emancipate the mind, seek truth from the facts, be good at pioneering work and apply in their work the materialist dialectic working methods and styles, Jiang said.

Fourthly, he added, they should be pace-setters in observing the Party's disciplines and abiding by the laws, being clean and honest, carrying forward the style of hardworking, and being active in fighting corruption.

Lastly, they should study and work hard to accumulate knowledge and experience, and be qualified for their jobs, Jiang said.

Jiang emphasized that the first thing to do in cultivating cadres is to launch a sustained campaign to urge the cadres, especially leading cadres, to study Deng Xiaoping's theory of building socialism with Chinese characteristics, as well as Maxism, Leninism and Mao Zedong Thought.

Meanwhile, he said, cadres should be trained and cultivated in practical work. It is a fundamental way the Party trains cadres, he added.

Building of leading groups is the central task of cultivating a contingent high-quality cadres, Jiang stated.

Jiang said, whether China can remain stable and full of vigor depends on a healthy growth of the new generation and young cadres.

He expressed his hope that Party's young cadres and leading officials learn from the pace-setters and model workers, and work even harder to make new achievements in their own posts.

Hu Jintao, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee and other 12 representatives, who have distinguished themselves in their work, spoke at the meeting.

Hu, also member of the secretariat of the CPC Central Committee, said the whole Party must rally closely around the Central Party Committee with Jiang as its core, carrying out the Party's fine working style and struggling hard to achieve the cross-century goals.

PRC: Jiang Zemin on Enhancing Quality of Officials

OW2306111596 Beijing XINHUA in English
1021 GMT 23 Jun 96

[FBIS Transcribed Text] Beijing, June 23 (XINHUA) — The XINHUA News Agency today published a speech made by Chinese Party leader Jiang Zemin on the improvement of the quality of party and government officials.

The speech, which is titled "Work Hard to Build a Contingent of High-Quality Cadres" and has six parts, was made by the general secretary of the Central Committee of the Communist Party of China (CPC)

in Beijing on June 21 at a forum marking the 75th anniversary of the founding of the CPC.

"We've got one basic piece of experience over the past 75 years, that is, any success of our cause led by the Party needs not only the correct theories and lines, but also a contingent of high quality cadres who can firmly implement the Party's theories and lines," Jiang said in the opening of his speech.

In Part One of his speech, Jiang talked about the extreme importance of and basic requirements for the building of a contingent of high-quality cadres.

"Cadre becomes the decisive factor once a political line is determined," he pointed out, adding that the Party has always attached great importance to the building of the contingent of cadres throughout its history.

It is all for a good contingent of cadres, who steadily enhanced their quality by withstanding various tests, and led the general public to firmly carry out the correct lines of the Party in all historical periods, that the Party has overcome all sorts of hardships and difficulties, preserved powerful cohesive force and combat strength, and achieved one victory after another, he added.

He went on to say that whatever jobs they take, Party cadres, especially the leading cadres, must all possess the same basic political quality.

The most important, he said, is that they must have the lofty ideals of communism, stick to a firm and correct political orientation, be unswerving on the road to building socialism with Chinese characteristics, and carry out the Party's fundamental theories, basic lines and policies in a firm and thorough-going way.

What is more, he said, they should devote their efforts to putting into practice the Party's sole purpose to serve the people whole-heartedly, to maintaining close ties with the masses of people, and to safeguarding the people's interests.

Thirdly, cadres should emancipate the mind, seek truth from the facts, be good at pioneering work and apply in their work the materialist dialectic working methods and styles, Jiang said.

Fourthly, he added, they should be pace-setters in observing the Party's disciplines and abiding by the laws, being clean and honest, carrying forward the style of hardworking, and being active in fighting corruption.

Lastly, they should study and work hard to accumulate knowledge and experience, and be qualified for their jobs, Jiang said.

The Part Two of his speech deals with the study of the cadres.

The first thing to do in cultivating cadres is to launch a sustained campaign to urge the cadres, especially leading cadres, to study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, as well as Marxism, Leninism and Mao Zedong Thought, he noted.

He pointed out that today's CPC is a large party with 57 million members, over 400,000 leading cadres above the county level, several thousand senior cadres, and several hundred Central Committee members, with the mission of leading a large country with a population of 1.2 billion in the course of socialist modernizations.

"Therefore, it is of extreme significance for us to strengthen the theoretical study and arm the whole party, especially the leading cadres, with Marxism, Leninism, Mao Zedong Thought, and Deng Xiaoping's theory of building socialism with Chinese characteristics," he said.

He said that to achieve these goals needs painstaking efforts by the whole party, and said that priority should be given to the issue of uniting theory with practice.

"If we unite theory with practice well, we can carry out the Party's lines and policies more conscientiously and more comprehensively, and can eliminate interference from various erroneous tendencies, and reduce or avoid in our work one-sidedness, thinking in terms of absolutes, and vacillating now to the left and now to the right," he stressed.

While studying the Marxist theories earnestly, he said, Party cadres should also work hard to acquire knowledge of socialist market economy, modern science and technology, laws, and other aspects.

Laying much emphasis on the study of history, he expressed the hope that leading cadres at all levels spend some time on history, both of China and of the world.

In Part Three, Jiang spoke of cultivating cadres through practice.

"It is a fundamental way of the Party to have its cadres trained and cultivated in practical work," he pointed out.

He said it has been proved by past experience that cadres making faster progress are usually those who devote themselves to the practical work and maintain close ties with the masses of people.

To go deep into the realities and immerse themselves among the masses will help the cadres improve their work and guarantee the full implementation of the Party's lines and policies, as they can have a better knowledge of the public opinions and feelings, Jiang added.

In part four of his speech, Jiang emphasized the selection and use of cadres. He said that "to select and appoint officials well in accordance with the Party's policies serves as a key link to enhance the quality of officials."

The masses of people know best the merits and demerits of officials, and they are best qualified to judge officials, he said.

Only through the integration between the leadership and the masses, can officials be well selected for proper jobs. The masses of people should be made to participate more in recommending and appraising officials, he noted.

On the basis of well selecting officials, Jiang said in the fifth part of his speech that the building of leading groups is the key to the cultivation of the whole contingent of officials.

"Leading groups at various levels must be made strong to firmly carry out the Party's basic line, serve the people wholeheartedly and have the capability for leading the modernization drive," Jiang said.

In the process, the key to building well leading groups is selecting right heads for such leading groups, he pointed out.

Jiang called on leading officials to enhance the unity of leading groups. In the meanwhile, leading officials should be assigned to posts in a new place or department after they hold posts in a place or department for a period of time for the benefit of their progress and improvement and preventing wrong doings.

In the sixth part of his speech, Jiang urged young officials to work hard at all knowledge necessary for the cause of the Party and the people, including theory, history, economics, science and technology, management and laws.

Young officials should treat the people and their work with high enthusiasm and responsibility, and make outstanding achievements at their working posts through hard work and in pioneering spirit.

In particular, young officials must cultivate correct outlook about the world, life and values, stick to correct political stand and orientation, and withstand various tests.

"Communist Party committees at various levels must show cordial care for young officials and be strict with them," Jiang said, urging the committees to boldly press them with important tasks so as to enhance their quality through practices.

"We whole-heartedly expect that young officials will become mature as soon as possible to shoulder important trans-century missions," Jiang said, adding that this is a fundamental guarantee to carry forward the great cause of building socialism with Chinese characteristics.

PRC: Jiang Zemin Speech at CPC Anniversary Forum

OW2306142696 Beijing XINHUA Domestic Service
in Chinese 0818 GMT 23 Jun 96

[FBIS Translated Text] Beijing, 23 Jun (XINHUA) — Strive to Build a Contingent of High Quality Cadres — Speech at a Forum Commemorating the 75th Founding Anniversary of the CPC

(21 June 1996)

Jiang Zemin

Comrades:

In a few more days, we will celebrate our party's birthday. The CPC's 75-year course shines with great splendor. Over the past 75 years we have learned a basic principle from our experiences, that is, to lead and triumph over a cause, the party must have the correct theory and line as well as a contingent of high quality cadres who will resolutely implement the party's theory and line. Now that our party and our country have entered a crucial, historic period of building socialism with Chinese characteristics to realize the revitalization of the Chinese nation in all fields, energetically strengthening the building of the contingent of cadres is an especially important and pressing task.

I. On the Extreme Importance and Basic Requirements of Building a Contingent of High Quality Cadres

After the political line is laid, cadres will play the decisive role. Our party has always paid keen attention to improving the quality of the ranks of cadres; and has trained and brought up one group after another and one generation after another of leading cadres and a mammoth contingent of cadres to cope with the needs of revolution, construction, and reform in different historical periods. It is precisely because the ranks of cadres, who have been tested and tempered to improve their quality, have led the broad masses of people in resolutely implementing the party's correct line in different historical periods, that our party has triumphed over all kinds of difficulty and danger and has always retained the powerful cohesive force and fighting capacity to constantly advance from victory to victory. In 1956, when the world socialist movement was experiencing disturbances, Comrade Mao Zedong

made a remark which has profound meaning. He said: Our party has millions of experienced cadres. Most of them are good cadres, born and brought up on our native soil, linked to the masses, and tested in the course of long struggles. We have a whole body of cadres — those who joined the revolution in the period of the founding of the party, in the period of the Northern Expedition, during the War of Agrarian Revolution, the War of Resistance Against Japan, and the War of Liberation, and those who joined after nationwide liberation. They are all valuable assets to our country. With such cadres as ours who have been tested in different periods of the revolution, we are able to "sit tight in the fishing boat despite the rising wind and waves." This remark by Comrade Mao Zedong is still of great significance today. In the new historical period of reform, opening up, and the modernization drive, Comrade Deng Xiaoping has time and again emphasized that the realization of the ideological and political line must be ensured by the organizational line. In the important talks given during his inspection of Southern China in 1992, he again emphasized: "In a sense, whether we can manage our domestic affairs well, whether we can keep to the socialist road and adhere to reform and the opening up policy, whether we can develop the economy more rapidly, and whether we can maintain long-term order and stability will be determined by people." "If any problem arises in China, it will arise from inside the CPC. We must keep clear heads. We must pay attention to training people, selecting and promoting to positions of leadership people who have both ability and political integrity, in accordance with the principle of selecting and promoting 'more revolutionary, younger, better educated, and more professionally competent cadres. This is of vital importance to ensure that the party's basic line is followed for 100 years and to maintain long-term order and stability. This is a matter that really has a vital bearing on the overall situation." It is precisely because the vast number of cadres, led by the party, have united and worked hard together with Chinese people of all nationalities that China has generated world-acclaimed great achievements in reform, opening up, and modernization and that we can enjoy the excellent situation characterized by economic prosperity, polity stability, the unity of nationalities, and social progress today.

Since the Third Plenary Session of the 11th CPC Central Committee, our party has taken a number of major measures in strengthening the formation of the cadres contingent, thus smoothly materializing the cooperation between veteran and new cadres and the substitution for veteran cadres by new ones, enabling a large number of young and middle-aged cadres to take up leadership posts. Under the party's care and training, all levels

of leading groups and the entire cadres contingent have grown in the course of reform, opening up, and economic construction. Some outstanding cadres enjoying the love and esteem of the people have emerged, including Kong Fansen, Li Runwu, Ma Enhua, Li Guoan, and Wu Tianxiang. This is the main aspect of our cadres contingent and must be fully confirmed. But we must understand that in the last few years, the structure of the cadres contingent has changed anew. Veteran cadres who joined the revolution before the founding of the PRC have basically retired. As time goes by, cadres who started working in the early years of the founding of the PRC will also gradually leave their posts. At present and for a period to come, cooperation between veteran and new cadres and substitution for veteran cadres by new ones will remain arduous. We must also be aware that the quality, particularly the ideological and political quality, of some comrades in our cadres contingent does not comply with the party's cause. Some cadres, particularly some young cadres, are not adequately mature in politics, and they still need training in terms of ideological style, organization, and discipline, because they do not have an adequate understanding of the historical experience of the party's and people's struggle and lack tempering under difficult conditions; some cadres do not conscientiously study the party's theories or policies, do not pay attention to the overall situation, do not pay attention to politics, and cannot even distinguish between right and wrong on the question of basic principles; some cadres have a superficial work style, separate themselves from reality and the masses, and their bureaucratism and formalism are serious; some cadres forget the party's aim, cannot stand tests, abuse their powers for personal gain, and have even violated law and discipline and degenerated into corrupt elements and criminals. These situations merit our close attention. We should also fully understand that in a new social environment where reform and opening up are being carried out, the influence of the decadent capitalist ideology and culture and the influence of the vestiges of feudalism left over by history on our cadres contingent must not be underestimated. This situation suggests that in ensuring the smooth progress of China's reform and construction, in ensuring the smooth fulfillment of the grand targets transcending this century, and in ensuring long-term stability and tranquility for the party and the country, a serious problem is educating cadres. Making great efforts to strengthen the formation of our cadres contingent and improving the quality of cadres, particularly leading cadres, have become an urgent, major task facing the entire party.

In this new historical period, what basic requirements should be set for establishing a high quality cadres con-

tingent? The Fourth Plenary Session of the 14th CPC Central Committee required high-level party cadres first to become statesmen who are loyal to Marxism, who adhere to the socialist road with Chinese characteristics, and who can administer the party and the country, in addition to becoming experts who are well educated and professionally competent. The high quality cadres contingent we will build is a cadres contingent with both ability and political integrity under the leadership of leading cadres having socialist statesmanlike quality. This is a grand contingent embracing party and government cadres, enterprises' operational and managerial cadres, scientific and technological cadres, as well as cadres on other fronts. Because cadres in the cadres contingent have different jobs and responsibilities, there should be detailed requirements suited to their different jobs. However, whatever they do, party cadres, particularly leading cadres, should have basic political and professional quality. First, they should have lofty communist ideals, adhere to a correct political orientation, firmly take the road of building socialism with Chinese characteristics, and resolutely implement the party's basic theory, basic line, principles, and policies. Second, they should work hard to achieve the party's aim of wholeheartedly serving the people, form close ties with the masses, particularly the worker and peasant masses, and resolutely protect the people's interests. Third, they should emancipate their minds, seek truth from facts, proceed all work from actual conditions, be good at making explorations and progress, and employ dialectical materialist methods of thinking and work. Fourth, they should act as models in obeying law and discipline, in maintaining cleanliness, in developing the spirit of hard struggle, in consciously guarding against corruption and degeneration, and in resolutely opposing corrupt practices. Fifth, they should study hard, work hard, continuously accumulate their knowledge and experience, and arm themselves with the professional knowledge and ability required for their posts.

Building such a high quality cadres contingent is a guarantee for our party to always stand in the forefront of the era, to stand all tests, and to lead the people of the entire country in continuously pushing forward socialist modernization. All levels of party committees must improve their understanding, strengthen their sense of responsibility and urgency, and further increase the impetus of their work. Focusing on ideological and political buildup, they should do a good job in building the cadres contingent, which has an important bearing on the party and the country, and they should not in the least overlook this work or relax their efforts on it.

II. Concerning the Study of Cadres

To educate and enhance cadres, it is essential to first unfold in-depth, sustained study among cadres, particularly leading cadres at various levels, with the most basic studies being Marxism-Leninism Mao Zedong Thought, particularly Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics.

Since the 14th CPC National Congress, the work of arming the whole party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics under the leadership of the Central Committee and party committees at various levels has already made a good start and is developing in breadth and intensity. However, we should not overestimate the achievements made in the study. In some localities and departments, and among some cadres, the situation of belittling theories, insufficient consciousness in studying theories, and a poor atmosphere in study still exist. Although some people have carried out study, they cannot properly integrate theory with practice and have not made sufficient efforts to use theories to solve concrete problems. Some have even adopted an attitude of pragmatism toward theoretical studies and interpret out of context. The existence of such problems has affected the in-depth studies of theories and has also affected the enhancement of the basic quality of the contingent of cadres, particularly leading cadres. The root cause of the failure of some of our cadres in grasping the orientation at crucial moments and in differentiating right and wrong in important issues of principle and in their making mistakes here and there in their work is related to these problems.

For both the party and the cadres of the party, theoretical maturity is the basis of political maturity. That our party has upheld the integration of the basic tenets of Marxism with the specific reality of China and formed its own scientific theories is the fundamental mark of the political maturity of our party. In the early stage of the War of Resistance Against Japanese Aggression, Comrade Mao Zedong ardently hoped that our party could have 100 to 200 comrades who systematically — not fragmentarily — and actually — not emptily — mastered Marxism-Leninism, and he pointed out that this would greatly increase the combat strength of our party. At that time, our party only had several tens of thousand of party members. At present, our party has become a big party with more than 57 million party members, of which more than 400,000 are leading cadres at and above the county and department levels, several thousand high-level cadres, and several hundred members of the Central Committee. It is leading a big country with a population of 1.2 billion, and the people are engaged in the socialist modernization drive. This makes it extremely important to strengthen

theoretical construction of all comrades of the party, and arm them, particularly leading cadres at various levels, with theories. Party committees at all levels must regard strengthening theoretical construction as the fundamental plan for party building, first and foremost, the building the contingent of cadres, and strive to bring up large numbers of leading cadres who have a real mastery of Marxism-Leninism Mao Zedong Thought and Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Only by improving the theoretical quality of the entire contingent of cadres can the leadership level and ruling level of our party be further raised.

In studying theories and arming ourselves with theories, we must make efforts to master the scientific system of theories, to master the basic principles and their spirit, to master the standpoint, viewpoints, and methods of Marxism, and to use them as guidance for practice. In order to meet these demands, all comrades of the party must make long-term arduous efforts and, in particular, must earnestly and properly solve the problem of integrating theory with reality. Marxism has originated from reality and has been proved in practice to be scientific theories. Only by integrating it with reality can we really understand it, and only by integrating it with reality can we really make good use of it. Viewed from the history of the party, whenever theories were properly integrated with reality, the party's cause developed vigorously; otherwise, the party's cause suffered setbacks. Therefore, upholding the integration of theory with reality is an important political problem. Once this problem is properly solved, we shall be able to more consciously and comprehensively implement the party line, principles, and policies and will be able to eliminate the interference of various erroneous tendencies and avoid and reduce one-sidedness, going to extremes, and wavering in work. All leading cadres must integrate the party's historical experience, integrate practice into reform, opening up, and modernization, integrate the current situation and tasks, and integrate our work and ideological reality, with theoretical studies. They must, through study, solidify the Marxist and socialist political orientation and position, firmly establish the correct world outlook, outlook on life, and values; master scientific method in observing events; enhance capability in differentiating theoretical and political right and wrong; and improve the level of solving practical problems with the party's basic theory and line, as so to guarantee a healthy development of China's reform, opening up, and modernization.

While diligently studying the Marxist theory, we should also endeavor to gain professional proficiency. We should make unremitting efforts to study the knowledge

of the socialist market economy, modern science and technology, laws, and other areas. I would like to discuss, in particular, the question of studying history. We the Chinese nation are known in the world for our long history. Our party has always attached great importance to drawing lessons from and applying historical experiences. On many occasions, Comrade Mao Zedong demanded all party members study history. He once said: For a political party to guide a great revolutionary movement, it is impossible to win victory without revolutionary theory, knowledge of history, and a penetrating understanding of the movement in practice. If a nation forgets its own history, it is impossible to thoroughly understand the present and correctly advance toward the future. Our older-generation revolutionaries were not only profoundly cultivated in Marxist theory and rich practical experiences, they were also well versed in history. Leading cadres at all levels are encouraged to study history and, first and foremost, Chinese history. China's development is inseparable from that of the world. To cope with the demand for growing international exchanges and to learn and draw more effectively on the strengths of different countries in the world, we must understand world history. By using history as a reference, we can understand the vicissitudes of history. The China of today is developing from the China of yesterday. If leading cadres in contemporary China do not understand Chinese history, especially modern and contemporary Chinese history and the history of the CPC, it is impossible to recognize or master the objective law governing China's social development, inherit or carry forward the glorious tradition that our party has fostered during the protracted struggle, or effectively perform the duty of exercising leadership in building socialism with Chinese characteristics.

III. On Cultivating Cadres Through Practice

Cultivating cadres through practice is a fundamental method of training cadres in our party. Led by the party, groups of outstanding cadres in succession were trained through practice in the New Democratic Revolution and socialist revolution and construction. The practice of building socialism with Chinese characteristics, which we are currently carrying out, is also a big school for cultivating and improving the quality of cadres.

To realize China's socialist modernization drive and the rejuvenation of the Chinese nation is the noble ideal long sought after by the older-generation revolutionaries and the common aspirations of the Chinese people of all nationalities. This great undertaking has set a higher demand on cadres at all levels and has provided a broad arena for them to bring into full play their wisdom and talent. Cadres in general should clearly recognize

their historical responsibility; actively plunge into practice; continue to implement the party's basic theory and line comprehensively, correctly, and energetically; and push forward reform, opening up, and the modernization drive in a down-to-earth way. It has been proved repeatedly by past experiences that cadres can make steady progress and become useful only by mingling with the masses and by undergoing tests, accumulating experiences, improving quality, and enhancing abilities in the practice of promoting the coordinated development of socialist material and spiritual civilization. Intensifying practical training is of special importance to the vast number of young and middle-aged cadres. We should encourage them especially to go down to the frontline of reform and construction, to the grass roots, and to places with the most hardships and difficulties and places where they are needed the most by the party and the masses. Whoever can share weal and woe and work hard in unity with the masses and can make contributions in such places will receive praise and be able to constantly enhance his ideological and political quality and professional competence. The party and the people do not need cadres who crave for ease and comfort; who are unwilling to go to such places; and who cannot stand tests in a difficult environment, cannot mingle with the masses, and cannot tide over difficulties and solve problems in practice. Without going through solid cultivation in practice, it is impossible for cadres to take up the heavy responsibility of reform and construction.

Those who respect practice will inevitably respect the masses of people. The law of the maturity of cadres shows that most cadres who have plunged themselves into practice and maintain close ties with the masses of people mature and make progress faster. Regularly going deep into reality and deep among the masses of people will also help our cadres understand thoroughly the wishes of the higher authorities and those below, and further do a good job in work in various aspects, and guarantee the implementation of the party's line, principles, and policies. At present, some cadres lack tempering in social practice. They do not understand the people's vigorous and creative practice in building socialism, are indifferent to the mass viewpoint, become estranged with the feelings of peasants and workers, do not understand the party's mass line, do not know how to do mass work, and even infringe upon the interests of the people. It is very dangerous to allow such a situation to develop. We must understand that the cause of reform, opening up, and modernization led by the party is a cause to benefit the masses of people in which the masses of people participate. Only by trusting and depending on the masses of people and giving full play to their enthusiasm and creativeness will it succeed. The Central Committee has repeatedly

emphasized that leading cadres must pay attention to politics. To pay attention to politics, we must uphold the fundamental viewpoint of dialectical materialism and historical materialism in respecting the masses of people and respecting practice. Our party is the faithful representative of the interests of the people of all nationalities of the whole country. No matter what changes may take place in the situation and tasks, the nature of the party as the vanguard of the working class will never change, its purpose of wholeheartedly serving the people will never change, its fine tradition of maintaining close ties with the masses of people will never change, and its fundamental working line of from the people and to the people will never change. Cadres at all levels must firmly establish the mass viewpoint, regard working for the interests of the people as the fundamental starting point and foothold in thinking about problems and handling matters, always maintain flesh- and-blood ties with the masses of people, honestly learn from the people, sincerely serve the people, and always be on the alert against making the mistake of divorcing from the people.

IV. Concerning the Selection and Promotion of Cadres

Selecting and promoting good cadres according to the party's policy is an important link in building a high-quality contingent of cadres. The party's principles, policies, and criteria for selecting and promoting cadres in the new period are clear. Party committees at all levels must correctly implement the principle of making the contingent of cadres "more revolutionary, younger, better educated, and more professionally competent," and the principle of having both ability and integrity, correctly implement the party's cadre policy, uphold the principle of appointing people on their merits and oppose appointing people by favoritism, and persist in treating cadres fairly, honestly, and realistically. They must select and promote to leading posts at various levels in good time those acknowledged by the people as implementing the people's line and having made achievements in doing so.

It has never been easy to appoint people on their merits. According to our party's experience over many years, on the issue of appointing people on their merits, we must adhere to the ideological line of emancipating the mind and seeking truth from facts, and must shatter the trammels of outdated and backward ideas about giving top priority to seniority in promotion, demanding perfection, excessive accommodation, and making decisions according to personal likes and dislikes. At the same time, we must improve methods for selecting and promoting cadres, and in particular we must integrate

upholding the party's principle of the party managing cadres with adhering to the mass line in work related to cadres.

The masses of people see most clearly the merits and demerits, and the achievements and mistakes of cadres. They are best qualified to speak on this issue. Only by properly following the mass line and integrating leadership with the masses of people will it be possible to really properly select and use people. We should use various forms, including democratic recommendation, democratic appraisal, and democratic tests and comments, and expand the democratic participation of the masses of people. We must constantly widen the scope and channels for selecting, promoting, and appointing cadres, and should not simply select from a small number of people around leading cadres or in leading organs. We must have our eyes at the grass-roots level and in various sectors, and, in particular, we must pay attention to selecting and promoting more outstanding cadres and people at the grass-roots level. We must carry out comprehensive and serious observation of those cadres to be selected and promoted and extensively listen to the opinions of people in various quarters. Cadres whom most people agree should not be selected cannot be promoted or given important posts. In making decisions on the appointment and dismissal of cadres, party committees at all levels must seriously implement democratic centralism, give full play to democracy, persist in holding collective discussions, and make decisions according to the principle of the minority subordinating to the majority, and such decisions must never be made by one person or by a small number of people.

Now economic structural reform and other reforms are gradually developing in depth, providing favorable conditions for cadre system reform. There is a need to seize this opportunity so that the work of selecting cadres for employment will be systematized and standardized. Now the Provisional Regulations on Selecting Party and Government Leading Cadres for Employment should be conscientiously put into effect. This has major significance on ensuring strict implementation of the party's policy on cadres. Generally speaking, all levels of party committees have done well in implementing the regulations. However, in dismissing and appointing cadres, some localities and departments sometimes do not abide by the prescribed procedures; they sometimes disregard principles, offer official posts, and make lavish promises; party committees' discussions on personnel matters are sometimes leaked; the right to exercise management over cadres is sometimes abused for personal gain; and presentations of gifts or overt extortion of money are sometimes encouraged. Quite a number of people are still asking for official posts, and there are

also people buying and selling official posts. There are even people who cheat others into believing that they will be assigned to official posts. This indicates that leaders of some departments and units have lost their political awareness and that some comrades do not care for what has happened, because it does not concern them. In this way, some swindlers can pass without obstacles. Does this not call for deep thought? This kind of malpractice and corruption in assigning people to posts has had a vicious influence inside and outside the party and has done serious harm. Strict rectification is necessary to resolutely stop these malpractices and to resolutely punish such corruption. All levels of party committees, discipline inspection institutions, as well as organization and personnel departments must severely deal with such practices. For the party to exercise management over party organizations, the first thing is to exercise proper management over leading groups and leading cadres. In exercising strict management over the party, the first thing is to rectify leading groups and leading cadres. If a ruling party cannot exercise management or rectification over leading groups and leading cadres, the consequences could be too dreadful to contemplate. Historically, the most harmful corruption has been official corruption. In Chinese feudal society, there were many examples of official corruption giving rise to corruption in other fields and causing the destruction of dynasties. This historical experience merits our attention.

V. On Strengthening the Formation of Leading Groups

The formation of leading groups is a focal point in forming the cadres contingent. The Fourth Plenary Session of the 14th CPC Central Committee pointed out the need to build leading groups into firm leadership collectives that resolutely implement the party's basic line, wholeheartedly serve the people, and possess the ability to lead modernization. This is the party's basic requirement on forming leading groups. Leading groups above the county level should make an effort to follow this requirement. Principal party and government leading comrades at all levels should be responsible for their departments' work and for strengthening the formation of leading groups.

In forming leading groups, the crucial point is selecting their "group leaders." The central authorities will take charge of selecting and training leading cadres at the provincial and departmental levels, whereas the provincial, autonomous regional, and municipal authorities will take charge of selecting and training principal leading cadres at the prefectural (departmental and bureau) and county levels. Party and government leading cadres above the county level must set strict demands on

themselves. The main duty of principal leading cadres is to raise proposals and appoint cadres. "Group leaders" are not entitled to their posts if they cannot exercise proper leadership over their "group members." In selecting and appointing "group leaders," attention should also be paid to the masses' cooperation so as to form optimized leading groups. Some leading groups are weak because there are problems with their structures, apart from the quality of individual members. On the basis of upholding the policy of enabling cadres to be more revolutionary, of a lower average age, better educated, and more professionally competent as well as upholding the principle of fostering cadres to have both ability and political integrity, all types of leading groups' structures should be rationally adjusted and improved in light of their specific conditions. While paying attention to their ideological and political quality, their age mix, knowledge mix, professional mix, and special skills should also be taken into account, so that leading groups will become powerful, good quality collectives whose members can provide each other with their strong points.

Here, I would also like to stress the issue of strengthening the unity of leading bodies. At present, there are still some leading bodies that are internally not quite harmonious, or even have dissension. This is extremely harmful to the party's work. Whether or not unity is achieved is an important mark for assessing and testing the quality and party character of a leading body and leading cadres. Leading bodies with problems of this kind must increase their consciousness and ability to solve their own problems and their principal leaders must earnestly undertake responsibility, consciously uphold democratic centralism, take the lead in holding heart-to-heart talks, and seriously unfold criticism and self-criticism in order to eliminate factors of dissension. Members of leading bodies should encourage paying attention to party character, the overall situation, and principles and encourage mutual respect, mutual support, and mutual understanding. Regarding problems that have emerged within leading bodies at the lower levels, organizations at higher levels should help them solve the problems in a timely fashion and should not avoid such problems. Should dissension continue after help and education have been given, organizational measures must be taken resolutely to prevent work from being adversely affected.

Continuing to properly carry out the exchange of leading cadres is an important measure to strengthen the building of leading bodies. Leading cadres working in the same locality or department over a long period of time is not conducive to their progress and improvement. Besides, it has many setbacks and it often gives rise to some unhealthy trends. Therefore, we must implement the system of regularly exchanging leading cadres in a

planned way. We should be more willing to exchange cadres who are more promising so that they can be tempered and improved in different environments. Cadres of some important departments and crucial posts must also be exchanged regularly.

VI. Concerning the Training of Outstanding Young Cadres

Leading a stable and dynamic China with full vitality for development into the 21st century and basically realizing modernization in China in the middle of the 21st century, thereby enabling our country to have a high standing in the international community as a strong socialist country, depend on long-term persistence in the party's basic theories and basic line, and in the final analysis, on the healthy growth of the younger generation and young cadres.

At present, young cadres in their thirties and forties have grown up in a peaceful environment. Most of these comrades have a relatively high level of knowledge in culture, science, and technology. They are enthusiastic in work, are dynamic, think fast, accept new things fast, and have a pioneering spirit. Many of these comrades have made outstanding achievements in their respective posts and have accumulated certain experiences in practice. While being aware of their strong points and merits, we must also soberly be aware of their shortcomings and weaknesses and should understand that these shortcomings and weaknesses are related to the social environment they are in and are related to their social experience. The major shortcomings and weaknesses of these comrades are the lack of a systematic study of Marxist theories and the lack of a deep understanding of the party's history and fine traditions. Most of them have not experienced stringent inner party life and have not been tempered in an arduous environment or in mass work at the grass-roots level. Young cadres should be worthy of the heavy historical mission entrusted them, live up to the expectation of the party and the people, have a comprehensive and correct understanding of themselves, and strive to improve their own quality, particularly their ideological and political quality.

Young comrades must closely link their fate with that of the motherland and the people and voluntarily work hard for the great undertaking of building socialism with Chinese characteristics. Most of the people attending today's forum are young cadres. I would like to offer four phrases to you: Study diligently. Work hard. Be brave in doing creative work. Consciously make contributions. The most valuable years of a person is the period of youth and middle age. You must treasure this period and should not let it slip idly by. You must study

hard, study theories, study history, study economy, study science and technology, study management, study law, study everything that should be studied, and strive to lay a good ideological and knowledge foundation for rendering meritorious services to the cause of the party and the people. Young cadres should follow the example of advanced models in epitomizing the party's fine tradition and the spirit of the times, treating the people and their work with great enthusiasm and a profound sense of responsibility, immersing themselves in hard work, energetically seeking progress, paying attention to practical matters and innovations, and striving to make outstanding contributions at their own post. In particular, young cadres should cultivate the correct outlook on the world, on life, and on values; stick to the correct political stand and orientation; and withstand tests in administering the government, making reforms, opening up, and developing a socialist market economy.

Party committees at various levels should show cordial care for young cadres and be strict with them. Party committees should boldly press young cadres with important major tasks so as to enhance their quality through practice. In recent years, problems have arisen among some young cadres. Some of the problems were caused by young cadres' slacking off in their study, their lack of the determination to seek progress, or their negligence in transforming their outlook on the world; while others were related to the party organization's failure to set strict requirements, to conduct adequate education, or to exercise effective supervision. We must bear firmly in mind these lessons. We should regularly educate young cadres in the party's objective, the three important styles of work, and other fine traditions; help young cadres correctly deal with fame and gaining power and position and correctly handle success versus adversity and praise versus criticism; and enable them to put themselves in the correct position between the party and the masses and constantly place the interests of the party and the people above anything else. We whole-heartedly expect that young cadres will become mature as soon as possible to shoulder important trans-century missions. This is the fundamental guarantee to carry forward the great cause of building socialism with Chinese characteristics.

PRC: Jiang Reportedly Criticizes Return of 'Maoist Influence'

HK2406073996 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 23 Jun 96 p 5

[By Willy Wo-lap Lam]

[PTS Transcribed Text for FBIS] President Jiang Zemin has for the first time spoken out against the return of a Maoist influence in Chinese politics.

At a meeting with 12 of the nation's top propaganda and news officials, Mr Jiang said the recent appearance of ultraconservative articles and tracts had the effect of "confusing people's thoughts". Mr Jiang, who is also party chief, reiterated the policy of reform would not change.

"The direction of our ship (of state) has been fixed, and it will not be altered," sources quoted him as saying.

They said Mr Jiang was referring to two petitions circulated by Maoist ideologues. Believed to be associated with powerful leftist party elders, both tracts claimed patriarch Deng Xiaoping's market reforms had jeopardised the basis of socialism and communist rule.

Earlier this month, Mr Jiang expressed approval for an anti-leftist commentary that moderate ideologue Xing Benshi wrote for the People's Daily. Mr Xing, the chief editor of the party journal Seeking Truth (Qiushi), accused the leftists of undermining reform by labelling experiments such as share-holding companies "anti-Marxist" and anti-socialist.

Mr Xing said Deng Xiaoping view [as published] was the only yardstick for measuring what was really Marxist.

A day after the article appeared, Mr Jiang called Mr Xing to express his appreciation. The party chief also asked other national media to read Mr Xing's commentary.

But the leftists are unconvinced about Mr Jiang's sincerity in stamping out Maoist thought.

Earlier this week, the leaders of the capital's quasi-Maoist journals, including Zhenli de Zhuiqiu (Mainstream) and Contemporary Thoughts, held a meeting to denounce Mr Xing.

Joining the crusade were several of Mr Xing's colleagues at Seeking Truth.

A Beijing editor said few intellectuals believed Mr Jiang would go the distance in punishing the Maoists because he himself had implemented leftist policies.

For example, Mr Jiang permitted units including the Propaganda Department and the National Press and Publication Administration to ban journals and publications suspected of harbouring "bourgeois-liberal tendencies".

In internal speeches, he also criticised the views of liberal cadres and scholars such as retired People's Daily editor Wang Ruoshui.

PRC: PLA Units Urged To Study Jiang Zemin's 21 Jun Speech

OW2406083796 Beijing XINHUA Domestic Service in Chinese 1438 GMT 23 Jun 96

[FBIS Translated Text] Beijing, 23 Jun (XINHUA) — Today, the People's Liberation Army [PLA] General Political Department issued a circular, urging PLA party committees and political organs at various levels to earnestly study and implement General Secretary Jiang Zemin's important speech given at a forum commemorating the 75th founding anniversary of the CPC.

The circular said: Taking into account the overall situation and proceeding from a strategic viewpoint, General Secretary Jiang Zemin's speech has profoundly expounded the extreme importance of building a contingent of high quality cadres, and further specified the guiding ideologies, major tasks, and basic requirements for building a contingent of cadres at present and in the near future. The speech has pointed out not only the direction for the cadres' work under new circumstances, but also the path of development for the broad masses of cadres, especially young cadres. It has very important guiding significance in continually facilitating party building — a new grand project under new circumstances, in strengthening the development of leading bodies and cadres in military units at various levels, in ensuring the party's absolute leadership over the army, and in further revolutionizing, modernizing, and regularizing the PLA.

PLA party committees and political organs at various levels should earnestly study and understand the speech's guidelines, and strengthen their sense of urgency for building a contingent of cadres. Party committees at and above regimental level should allot special time-periods to study and discuss the speech. While studying General Secretary Jiang Zemin's speech, we should integrate it with relevant theories of Mao Zedong and Deng Xiaoping, with Comrade Jiang Zemin's serial instructions on strengthening the development of party cadres, and with the actual development of leading bodies and cadres in our own units. Party committees at various levels should regard implementing the guidelines of General Secretary Jiang Zemin's speech as concrete acts of implementing the requirement of stressing politics, and take effective measures to strictly and properly carry out the major task that concerns the overall situation of army building. Cadres at various levels, especially senior and intermediate leading cadres, should clearly understand their historic responsibilities, clearly understand the requirements of the times on us, clearly understand the expectations of the party and people on

us, and continually strengthen our self-consciousness to study hard.

The circular urged: PLA party committees and political organs at various levels should earnestly analyze the current conditions of existing cadres and leading bodies, and summarize past experiences and lessons learned from hiring, appointing, and cultivating cadres so as to more properly implement principles and policies on selecting and appointing cadres. We should earnestly follow General Secretary Jiang Zemin's requirements and various stipulations and measures of the Central Military Commission, properly equip leading bodies at various levels, and select and promote cadres — who truly obey the party's instructions, who are capable of good work style, and who have been publicly affirmed as outstanding by the masses — to leading posts at various levels. We should follow General Secretary Jiang Zemin's requirements that "cadres should study hard, work diligently, boldly create, and sacrifice on their own accord;" strengthen efforts to educate and cultivate young cadres; and boldly promote and use outstanding young cadres.

The circular pointed out: Since the beginning of 1996, party committees and organs at and above regimental level have made concerted efforts to study discipline on ideologies and work style. Various units should pay attention to applying the experiences of group studies, and properly manage regular educational programs for cadres. PLA party committees at various levels should follow General Secretary Jiang Zemin's instructions that "cadres should be given strict requirements, strict administration, and strict supervision"; earnestly perform the task whereby the party administers cadres; and continually intensify efforts to educate and administer cadres. We should educate and guide senior and intermediate cadres to impose strict self-discipline on themselves so that a good image of diligent and honest administration can be established. We should actively publicize models who have realized the party's objectives and outstanding cadres with CPC membership who have established close contact with the masses. We must seriously investigate and punish perpetrators who have violated laws and discipline.

PRC: Official on Relations Across Taiwan Strait
OW2206154096 Beijing XINHUA in English
1521 GMT 22 Jun 96

[FBIS Transcribed Text] Beijing, June 22 (XINHUA) — A Chinese spokesman today urged leaders of the Taiwan authorities to respond in action to the eight-point proposition put forward by President Jiang Zemin.

Commenting on issues concerning negotiations to "end the state of hostility across the Straits" and the prospect of visiting the mainland, as referred to by Taiwan's leader in a speech on May 20, the spokesman said in an interview with XINHUA today that "peaceful reunification, and one country, two systems" remains the basic policy of the Chinese government for resolving the Taiwan issue.

President Jiang Zemin's important speech on the Taiwan issue, delivered on January 30 last year, represents a programmatic document governing the settlement of the Taiwan issue, the spokesman said.

The spokesman for the Taiwan Affairs Office of the Chinese Communist Party Central Committee and that of the State Council, said that as early as on New Year's Day, 1979, the National People's Congress Standing Committee put forward a proposal to end military confrontation across the Taiwan Straits through negotiations.

"Since the beginning of the 1990s we have suggested time and again that the two sides hold talks on formally ending the state of hostility across the Straits, and gradually realizing a peaceful reunification," the spokesman said.

The spokesman cited President Jiang as saying that under the premise of one China, all issues could be discussed, including the form of official talks between the two sides of the Straits, so as to find a way considered appropriate by both sides.

Jiang put forward the proposal in a report to the Fourteenth National Congress of Communist Party of China in October, 1992.

On January 30 last year, Jiang reaffirmed the proposal on holding talks, saying that as the first step, negotiations should be held and an agreement reached on officially ending the state of hostility between the two sides of the Straits, under the principle of one China, the spokesman said.

On that basis, the two sides should undertake jointly to safeguard China's sovereignty and territorial integrity, and map out plans for future development of their relations, the spokesman cited Jiang as saying.

On the issue of visiting the mainland by leaders of the Taiwan authorities, Jiang said on the same occasion that "leaders of the Taiwan authorities are welcome to pay visits in appropriate capacities. We are also ready to accept invitations from the Taiwan side to visit Taiwan."

"The affairs of the Chinese people should be handled by ourselves, something that does not take an international

occasion to accomplish," the spokesman quoted Jiang's as saying.

"We have noticed that following the struggle of anti-splittism and anti-Taiwan independence, and faced with the strong demand of Taiwan compatriots, leaders of the Taiwan authorities had to make some kind of response to the above-mentioned proposal made by President Jiang Zemin, and were forced to give up some unrealistic pre-conditions," the spokesman said.

"If the Taiwan authorities had sincerity indeed, they should lose no time in taking practical steps, and as the first step, hold talks with us on formally ending the state of hostility across the Straits and on other political topics, under the principle of one China," the spokesman said.

When asked to comment on the claim that the Taiwan authorities deliberately sidestepped the "one China" principle, and the direct exchanges of mail services, trade, air and shipping services in the speech, which aroused widespread repercussions in Taiwan, Hong Kong and Macao, the spokesman said, the "one China" principle is the prerequisite and basis for peaceful reunification.

He said the Taiwan authorities did not mention "one China" during the recent speech and evaded the fact that Taiwan is part of China's territory, and instead played tricks with concept of "popular sovereignty" in attempt to divide China's territory.

The spokesman emphasized that the "promotion of pragmatic diplomacy" is actually the continuation of Taiwan's upholding of "two Chinas" and "one China, one Taiwan" policies.

He said that "our struggle against splittism and 'independence of Taiwan' will never stop, so long as the Taiwan authorities does not stop its splittist activities."

The spokesman said the direct exchanges of mail, trade, air and shipping services are the pressing common aspirations of the people across the straits.

He urged Taiwan authorities to give much consideration to people's interests and lift man-made barriers, in order to realize the direct exchanges as early as possible.

When asked to comment that many Taiwan political personages want to come to the mainland to exchange views on political issues, the spokesman said, Beijing welcomes various parties and people from all walks of life in Taiwan to exchange views with mainland departments and personages concerned on relations across the straits, and the peaceful reunification of the motherland.

Commenting on last year's struggle against splittism and "Taiwan independence," the spokesman said the struggle against the "Taiwan independence" launched since last June "has fully shown the determination and capability of the Chinese people, the Communist Party of China and the Chinese Government in safeguarding China's sovereignty and territorial integrity, and they have heavily cracked down on the splitting forces in Taiwan and exerted great influence for the promotion of the peaceful reunification."

He stressed that "our struggle against the 'Taiwan independence' and splittism is not one between democracy and anti-democracy, but a struggle between those advocating 'Taiwan independence' and splittism and those opposing 'Taiwan independence' and splittism."

The spokesman said Taiwan also overreaches itself by claiming that it will "guide the development direction of the mainland."

Taiwan authorities ignored the fact that the mainland has been enjoying a political stability, has witnessed great economic growth and has strengthened its comprehensive national strength, in addition to the daily improving of its international status and its constantly growing influence in the international community since its reform and opening up to the outside world 18 years ago, the spokesman added.

"We put our hopes on the Taiwan compatriots," the spokesman said, urging the people across the straits, compatriots in Hong Kong and Macao, and all other overseas compatriots to further close their ranks and oppose splittism and cast aside the "Taiwan independence."

He also called for increased economic cooperation and exchanges in various fields across the straits, an early realization of direct exchanges of mail, trade, air and shipping services, and continued struggle for the reunification of China.

PRC: CPC Official: Deng Not in Shanghai

OW2306031396 Hong Kong AFP in English
0309 GMT 23 Jun 96

[FBIS Transcribed Text] Shanghai, June 23 (AFP) — A Shanghai Communist Party official has denied a report that China's paramount leader Deng Xiaoping is resting in Shanghai in preparation for his visit to Hong Kong.

"Generally, if he is Shanghai we will know about it. But until now we have no such information," Zhou Helin, deputy director of the department of organization of the Shanghai party committee, told AFP in an interview Friday [21 June].

"If Deng Xiaoping was in Shanghai, our leaders would definitely visit him regularly," he said, adding that "our work is going on as usual."

A Hong Kong newspaper reported May 28 that the 91-year-old patriarch had moved to Shanghai after his doctors advised him to avoid the "political struggle" in Beijing.

The report said the doctors suggested Shanghai for its "stable atmosphere" and that Deng was now "resting quietly" in Shanghai until his planned trip to Hong Kong when it reverts to Chinese rule next July.

Deng has long voiced a desire to visit Hong Kong after its handover but reports of his failing health have led many to believe he would not realise his wish.

He was last seen in public during the Lunar New Year celebrations in February 1994 when he appeared on television looking weak and in poor health.

Zhou also said that rumours about Shanghai party secretary Huang Ju's move to Beijing to become mayor or to Hong Kong after the handover were pure speculation.

"in terms of Huang Ju's post, it is not something that Shanghai local government can decide, and so far we do not have any hint from the top government to have a change," he said.

Zhou added that Huang himself had said that he wished to work in Shanghai for several years.

Huang Ju, who was elected party secretary in September 1994, was mayor of Shanghai for four years until he stepped down in last February.

PRC: Deng's Sister Obligated To Retire; Deng Family Said Declining

HK2406062296 Hong Kong SING TAO JIH PAO in Chinese 24 Jun 96 p A2

[Report by reporter Chang Yi-Cheng (4545 0110 6927): "Members of 'China's First Family' Leave the Political Arena One After Another; Deng Xiaoping's Sister Forced To Retire"]

[PTS Translated Text for FBIS] Deng Xianqun, sister of CPC elder Deng Xiaoping, with whom she shares the same father, and director of the People's Liberation Army (PLA) General Political Department Mass Work Department, was recently required by the CPC Central Committee to retire because of her age. Meanwhile, He Ping, Deng Xiaoping's son-in-law and president of China Poly Technologies Inc., was also asked to leave the firm because of the firm's involvement, according to U.S. accusations, in arms smuggling.

An analyst pointed out that the above personnel changes indicate that Deng Xiaoping's family, once known as "China's first family," has gradually moved out of the political arena, going downhill.

Deng Xianqun was born in Sichuan in 1935. She was admitted to Harbin Institute of Military Engineering to receive a college education. Since graduation, she has worked in the Navy, Second Artillery Corps, and PLA General Political Department in succession, and has been promoted to major general. Her husband, Lieutenant General Li Qianming, is deputy commander of the Second Artillery Corps.

Article 15 of the "Regulations of the PLA on Service of Active- Duty Officers" sets 60 as the maximum age of service for army-level officers. It can be extended appropriately subject to work requirements.

In line with the above regulations, it is normal and reasonable for Deng Xianqun, who is 60 this year, to retire. There is no lack of precedents for officers to retain their posts or be promoted after reaching retirement age. Ba Zhongtan, for example, retired from his post as commander of the Shanghai Garrison in 1990, when he was 60, but was appointed commander of the Armed Police Force in 1992. This shows that the retirement of senior officers is flexible.

He Ping, Deng Rong's husband, recently suffered a misfortune. He was asked to leave Poly Technologies Inc., which, together with China North Industries Group, was suspected of smuggling 2,000 AK-47 rifles into the United States.

Deng Xiaoping's family has been known as "China's first family," and Deng's children have filled quite important posts: His eldest son, Deng Pufang, is chairman of the Chinese Federation for the Disabled; his second son, Deng Zhifang, is president of the Shougang Concord Grand (Group) Ltd.; his second daughter, Deng Nan, is vice minister of the State Science and Technology Commission... With the decline in Deng's clout in China's political arena, his children's formally unchallengeable positions have become shaky. Deng Zhifang was summoned by the judicial department in connection with the Zhou Beifang case. When interviewed by mainland reporters while the national science and technology conference was in session last year, Deng Nan said her father was in good shape and was concerned about major events at home and abroad. The newspaper which published her remarks was criticized by the relevant department. The fact that Deng Xianqun has retired and that He Ping has transferred elsewhere suggests the decline of "China's first family."

The PLA General Political Department issued a circular yesterday calling on party committees and political organs at all levels armywide to do a good job in studying and implementing Jiang Zemin's important speech made at the informal meeting marking the 75th founding anniversary of the CPC.

PRC: Wang Dan 'May Be Suffering From Prostatitis'

*HK2406051696 Hong Kong MING PAO in Chinese
24 Jun 96 p A6*

[Report: "Wang Dan Is Reportedly Suffering From Prostatitis"]

[PTS Translated Text for FBIS] Wang Lingyun, mother of Wang Dan, who was a student leader in the 1989 pro-democracy movement, indicated yesterday in Beijing that although Wang Dan has been detained for 13 months, the authorities are yet to serve her with any notice of his detention. She said that she has recently received a note from Wang Dan saying that he is suffering from slow urination.

Wang Lingyun added: By detaining him without trial, the relevant authorities may have put tremendous mental pressure on Wang Dan. As to Wang Dan's slow urination, a medical specialist said that he may be suffering from prostatitis as a result of being confined in a small house [as published], or it may be due to great psychological pressure. As well as worrying about Wang Dan's mental and physical conditions, Wang Lingyun expressed discontent over the authorities' failure to act in accordance with the law.

In addition, Nanjing dissident Xu Shuiliang denounced the relevant authorities for prolonging his deprivation of political rights for another 80 days.

PRC: Veteran Dissident Vows To Maintain Fight for Democracy

*OW2306060096 Hong Kong AFP in English
0552 GMT 23 Jun 96*

[By Silvia Cavallini]

[FBIS Transcribed Text] Beijing, June 23 (AFP) — Veteran Chinese dissident Ren Wandong will persist in his fight for democracy and the release of political prisoners, he said Sunday [23 June] after returning to Beijing.

Ren, who took part in the 1978-79 Democracy Wall movement and the Tiananmen Square protests in 1989, expressed anger at his treatment during a seven year stay in prison that ended this month, but added that he did not want to return there.

"Now I'm out of prison, my ideals have not changed. I will persist in my activities, but I will not break the law because I don't want to go to prison again." Ren said by telephone from his house in the Tonxian suburb of Beijing.

Ren, 52, went to stay with relatives in the northeastern city of Dalian on June 9, a few hours after the end of his period in jail for "revolutionary propaganda and incitation."

Dissident sources at the time said police ordered him to leave the capital to avoid meeting foreign media, but his family denied this, saying only that he needed to recuperate from his term.

His wife, Zhang Fengying said Ren returned to Beijing on Saturday night and was "in good spirits. Nobody hassled him or beat him when he was away."

Asked about his treatment in prison, Ren said he was beaten on October 1 last year, Chinese national day, but was not badly hurt.

"When I demanded that my cell door be left open, as is the custom for prisoners on National Day, a guard came in and beat me up. I don't believe the beating was deliberate but I am angry about the way I was treated."

He said he was denied some privileges of political prisoners, but said that after his release police and surveillance teams were being "more discrete and polite" towards him. Ren is deprived of his political rights for three years, and may not leave Beijing without permission from the Public Security Bureau. "I was allowed to go to Dalian because I applied to the PSB," he said, adding that he would now try to find a "regular and stable" job, although "it is going to be hard to find a work unit that will employ me."

Ren's employer, the Beijing City Equipment Installation Co., fired him after the 1989 pro-democracy movement and evicted his wife and daughter from their house.

Ren is one of the fathers of China's democracy movement, and one of the few dissidents to have taken part in the Democracy Wall protests and the Tiananmen uprising brutally put down in 1989.

For protesting against the arrest of his friend Wei Jingsheng in 1979, he was jailed for four years, but when he came out of prison he resumed his efforts to secure Wei's release.

On Sunday he said he was upset that from prison he had "no way to help" Wei, who was jailed for 14 years in December for subversion, but said he would not stop trying to get him and other political prisoners released. However, he said he would keep his activities within the

law because "my family don't want me to go to prison again."

Asked about reports that his health is deteriorating, Ren said he is still suffering from cataracts and heart problems, and thanked the international community, overseas Chinese and media for their "compassion and concern."

PRC: Bao Tong, Officials in 'Stand-Off' Over Terms for Freedom

HK2406092596 Hong Kong SUNDAY HONGKONG STANDARD in English 23 Jun 96 p 1

[By staff reporter and Clement Poon]

[PTS Transcribed Text for FBIS] A defiant Bao Tong is at loggerheads with Communist Party officials over the conditions for his freedom.

"It's a stand-off," a source close to the family said.

The source said Mr Bao, the most senior Chinese official to be charged over a role in the 1989 pro-democracy movement, was still under heavy surveillance in a police-guarded compound, where he was sent after his release from prison on 27 May.

"They insist the family relocate before his release and Bao Tong has refused to go anywhere but home first," the source said.

She said Mr Bao was also being denied proper medical treatment for several ailments, one of which has caused him to break out in a rash. The other ailments include polyps of the colon, peritonitis and a low white blood-cell count.

"It's not that his white bloodcell count is simply low, it is extremely low," she said.

"He can't fight infection and has got spots all over his skin."

The source said Mr Bao was also finding it difficult to speak after years of isolation.

The final two years of Mr Bao's jail term were spent in a government hospital. It is believed the hospital is withholding Mr Bao's prison medical files from family and friends.

Mr Bao was the only Communist Party official to be jailed after the government's crackdown on the 1989 pro-democracy movement. Wu Guoguang, a former aide to Mr Bao, said members of the Bao family were likely to remain under house arrest even after they were reunited.

"I am in shock. Even after seven years in prison they still won't let him go home," he said.

Mr Bao is being held in a compound in Xishan, a remote area of western Beijing.

Bao Jian, Mr Bao's daughter, said her mother, Jiang Zongcao, and brother, Bao Puli, were taking turns staying with their father.

Originally sentenced to seven years in prison on charges of leaking state secrets, Mr Bao was a key figure in Communist Party Secretary Zhao Ziyang's department.

"Bao Tong's role before his arrest was a precarious one of political reform," the source said. "He was trying to set up a civil service to try to get rid of the rampant corruption in the government."

She said family and friends believed that many of the top officials in the Chinese government were simply unaware of Mr Bao's continued detention and health problems.

Mr Bao's daughter tried to downplay his health problems and continued detention. "His health is fine," Bao Jian said.

But Mr Wu said this was not surprising. "The family has been told not to talk to foreign reporters," he said.

Science & Technology

PRC: Li Peng on Science, Technology Application

OW2106093496 Beijing XINHUA Domestic Service in Chinese 1131 GMT 17 Jun 96

[By Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391) and XINHUA reporter Zhu Youdi (2612 1635 2769)]

[FBIS Translated Text] Beijing, 17 Jun (XINHUA) — This morning, addressing a forum attended by graduates of the seminar on "Accelerating the Application of Scientific and Technological Achievements," Premier Li Peng told the graduates, who are provincial- and ministerial-level cadres, that they should encourage all quarters to do everything they can to ensure and promote the application of scientific and technological achievements, and charge enterprises the main responsibility of turning scientific and technological achievements into actual productive forces as quickly as possible.

Li Peng said: One major strategic plan of the Central Committee is to carry out the strategies of "building a more vital country through science and education" and of achieving sustainable development; and to expedite scientific and technological progress, focusing on achieving the two fundamental changes [change of the economic system from the traditional planned economy to a socialist market economy, and the change of economic growth mode from being extensive to intensive].

The key to changing the economic growth mode, in particular, rests with expediting scientific and technological progress so that science and technology will play a bigger role in promoting the nation's economic growth. Promoting the integration of science and technology and the economy is the main trend of scientific-technological and economic development in the world today. Whether or not China can increase the quality and efficiency of economic growth depends on how close the country's economy can be integrated with science and technology. Enterprises should play the main role of applying scientific and technological achievements. With respect to the research and development of new products, research institutions and enterprises must work as a team with each demonstrating its individual strengths. Before developing high technologies, analysis should be conducted to see whether the research results are what the market needs. Meanwhile, we must pay attention to preventing separate, redundant research projects. Enterprises should pool their resources to support the efforts of turning major scientific and technological achievements into productive forces.

Li Peng continued: According to priority, we should make sure that science and technology play a key role in promoting economic and social development. Agriculture is the most crucial issue today. Agricultural development hinges on three requirements: Proper policies, science and technology, and investments. Our policies should include a science and technology policy, and our investments should include investments for scientific and technological development. Development of agricultural production — and especially grain production — under China's present circumstances must count on scientific and technological progress. We must attach great importance to popularizing applied agricultural technology, create the mechanisms that facilitate services as well as the application of applied agricultural science and technology, and train a large number of scientists and technicians and stabilize their ranks in rural areas. Chinese people have lofty ambitions. We have the spirit of relying on our own efforts. To push grain production to a higher level, one very important requirement is to develop the breeding of fine seed strains and promoting the breeding technology as well as water-efficient irrigation, scientific application of fertilizers, effective pest control, increasing the multiple crop index [fu zhong zhi su 1788 4429 2172 2422], and tightening scientific field management.

Li Peng said: We must pay attention to organically integrating our efforts of deepening enterprise reform and tightening enterprise management with promoting enterprises' technological progress and intensifying the application of scientific and technological achievements.

We should pay special attention to outstanding problems appearing in basic and pillar industries — such as those relevant to energy, communications, environmental protection, and high technology — to improve the quality of these industries. We must attach great importance to developing the information industry. As China has had the foundation and resources for accelerating the development of the information industry, we should establish several nationwide information networks. The information market should develop on a selective basis in accordance with China's actual needs so that it can serve economic development and production.

Li Peng stressed: To promote scientific and technological progress, governments at all levels must earnestly change their responsibilities and functions, strengthen their leadership, and provide better services. While governments at all levels should raise money through various channels since funds for scientific research and development are insufficient and their use is not centralized, they should proceed properly and not do anything that should not be done [you suo wei you suo bu wei 2589 2076 3634 2589 2076 0008 3634]. We should create better conditions to attract more outstanding scientists and technicians from abroad to contribute their expertise to the country's scientific and technological development.

Ma Shujie, vice governor of Heilongjiang; Guo Tingbiao, vice governor of Liaoning; Hu Zhaoguang, vice mayor of Beijing; Zhang Huaixi, vice governor of Jiangsu; Li Rongrong, vice minister in charge of the State Economic and Trade Commission; and Qu Weizhi, vice mayor of Tianjin, took the floor at the forum on their areas' economic, scientific-technological, and social development in recent years. They maintained that speeding up the application of scientific and technological achievements is essential for implementing the strategy of "building a more vital country through science and education," achieving the two changes, and expediting the process of integrating science and technology with the economy. They also put forth recommendations for solving certain specific problems.

Gui Shiyong, vice president of the State Administrative College [SAC], chaired the forum.

The seminar for provincial- and ministerial-level cadres, which is sponsored by the SAC and the State Science and Technology Commission, is the fourth seminar for provincial- and ministerial-level cadres the college has sponsored since its establishment. The seminar's theme — promoting the integration of science and technology with the economy and accelerating the application of scientific and technological achievements — has

real significance for implementing the Central Committee's strategy of achieving the two fundamental changes, "building a more vital country through science and education," improving the quality of economic growth, and attaining the grand objectives for economic construction. Attending the seminar were vice governors, vice chairmen, and vice mayors of 21 provinces, autonomous regions, and municipalities who are in charge of scientific and technological affairs; as well as vice mayors of provincial-level cities who are in charge of scientific and technological affairs; and leading cadres of the state's economic, scientific-technological, financial, and industrial departments.

Prior to the forum, Li Peng, Song Jian, Li Guixian, Luo Gan, and Zhu Guangya had a meeting with all these cadres at the Purple Light Pavilion and had a group picture taken with them.

This afternoon, Li Guixian, state councillor and SAC president, attended the graduation ceremony of the class and presented diplomas to the graduates.

Military & Public Security

PRC: Army Organizes Study of Jiang Zemin's Speech

OW2106083996 Beijing XINHUA Domestic Service
in Chinese 1527 GMT 18 Jun 96

[By JIEFANGJUN BAO reporter Zhang Chi (1728 1716) and XINHUA reporter Cao Zhi (2580 2535)]

[FBIS Translated Text] Beijing, 18 Jun (XINHUA) — The People's Liberation Army (PLA) General Political Department recently organized principal leaders of subordinate institutes and units to study Central Military Commission (CMC) Chairman Jiang Zemin's 10 June speech made during his inspection of the August 1st Film Studio. At the study meeting, Yu Yongbo, member of the CMC and director of the PLA General Political Department, told all cultural and artistic workers and leaders at all levels in the Army to highly conscientiously study the spirit of Chairman Jiang Zemin's speech and promote the development of spiritual civilization building in the armed forces.

Yu Yongbo said: In a period of six months, Chairman Jiang Zemin inspected JIEFANGJUN BAO and the August 1st Film Studio. This not only showed his care [guan huai 7070 2037] for the two institutions, but also showed that he attached great importance to ideological and political work in the entire Army. Chairman Jiang Zemin's speeches during his inspection gave profound exposition to the importance of improving literary and art creation and strengthening the building of spiritual civilization under the conditions of reform, opening up,

and developing the socialist market economy; and set forth higher requirements and pointed out the orientation for journalistic and cultural work and ideological and political work in the Army from the high plain of the great cause of building socialism with Chinese characteristics and realizing the grand trans-century blueprint and in connection with the new conditions inside and outside the Army and the country. Yu Yongbo stressed the need to adhere to the correct orientation in the Army's literary and artistic work and to make solid efforts to implement the guidelines and policies and create good works on the main theme of the times. He called on writers and artists to make efforts to study and enhance their own quality.

Wang Xiaotang, director of the August 1st Film Studio, gave a speech at the meeting and talked about the film studio's measures to put Chairman Jiang Zemin's instruction into practice. She said: Chairman Jiang Zemin's inspection of the August 1st Film Studio showed his care for the whole film producing industry, and greatly inspired industry workers. We should firmly implement the party's principles and policies, give top priority to adherence to the firm and correct political orientation, give play to the advantages of the Army's film-making work, concentrate efforts on creating good works mainly on military themes, go all out to accomplish the production of great history films like "Great Turn" and "Great March," do effective work to promote the patriotic and revolutionary heroic spirit, and push the work of producing military films to a new stage.

Comrades attending the study meeting from various cultural units under the General Political Department said in their discussion that in the course of strengthening the building of spiritual civilization and resisting the influence of corrosive ideology and culture, efforts should mainly be made to produce good works with strong attractive and appealing power. It is necessary to strengthen leadership over cultural work, and organize cultural workers to go deep into the realities of life and prompt them to create literary and art works bearing the distinct character of the times and loved by officers and servicemen. It is necessary to effectively train the personnel and build up a contingent of writers and artists with political and ideological integrity and high professional ability.

Comrades from the General Political Department organs said that Chairman Jiang Zemin stressed study many times. This was not only a requirement for cultural workers, but also a requirement for cadres in charge of political work. We should do political work well in the new period, make political work more pertinent, systematic, and creative. The key lies in enhancing our own quality. We must follow Chairman Jiang Zemin's

requirements, conscientiously study Deng Xiaoping theory on building socialism with Chinese characteristics, extensively study knowledge in all fields, continuously enrich and expand our knowledge, and strive to raise political work to a new level.

Xu Caihou and Tang Tianji, deputy directors of the General Political Department, also attended the study meeting.

PRC: Review of PLA Defense University

OW2006134096 Beijing LIAOWANG in Chinese
27 May 96 No 22, pp 26-28

[Article by Jing Shuzhan (2529 2118 1455), Jia Yong (6328 3057), Zhou Zhifang (0719 1807 2455): "Generals Arise From Here — Visiting the People's Liberation Army National Defense University"]

[PTS Translated Text for FBIS] "Three armed services are easier to acquire than a general." However, 1,000 or so high-ranking commanders of today's Chinese Armed Services have walked out of here, under the ensign of the "Chinese People's Liberation Army [PLA] National Defense University [NDU]."

Military personalities in the East and West alike acknowledge that this highest institution of learning of the Chinese Army has become one of the most famous military academies in the world.

(I)

Under the leadership and care of Deng Xiaoping and Marshals Nie Rongzhen and Xu Xiangqian, both graduates of Whampoa Military Academy, on 11 December 1985, the State Council and Central Military Commission [CMC] endorsed the "Proposal for Setting Up a NDU." The NDU's founding was quickly completed. Comrade Deng Xiaoping wrote the calligraphy for the NDU's name. Battle-seasoned Generals Zhang Zhen and Li Desheng became the NDU's president and political commissar respectively.

These two veteran generals who experienced the Long March were no strangers. They joined the Red Army at the age of 16 and 14 respectively. They bravely fought the Japanese aggressors in the enemy's rear areas and took part in the decisive Huaihai Campaign. General Zhang Zhen had been president of the PLA Nanjing Military Academy, founded by Marshal Liu Bocheng, in the sixties. Li Desheng was famous for discovering and disseminating the "Guo Xingfu [6753 5281 4395] teaching methodology," which directly led to the "Big Campaign of Competition in Military Skills."

The NDU was founded when the guideline for the building of China's national defense and Armed Forces was

embarking on a strategic shift. Within three years, 1 million troops were slashed and conventional weapons were reduced by a huge amount to keep defense expenditures low and support the country in concentrating its energies on economic construction. As the entire Army was going through the painful transition into the future, the training of high-ranking officers found itself in a critical period between the old and new phases.

When looking back on that period, General Zhang Zhen used the idiom "every step taken with difficulty" to describe the challenges at the beginning of the reform. The old practice of letting military, political, and logistics institutions train military, political, and logistics officers separately was so outdated that it could not meet the demand of modern warfare in the quality of high-ranking commanders. Therefore, it became a project of pressing importance to train high-ranking officers with rounded abilities who not only understand military affairs, politics, and logistics, but also have knowledge of the Army, Air Force, and Navy.

The present president, Xing Shizhong, and political commissar, Wang Maorun, told the reporters interviewing them: Our predecessors, Zhang Zhen, Li Desheng, Zhu Dunfa, and Li Wenqing, led all the NDU's teaching and research staffs to make bold explorations in a brave and enterprising spirit by looking at the urgent needs of our Army's modernization process and considering the requirement that the curriculum should be of a high level, contain new information, cover a wide spectrum of knowledge, and explore subjects in depth. They achieved five new breakthroughs: in the research on strategic thinking, strategic theory, and countermeasures; in the research on combat approach, combat methodology, and campaign command under modern conditions; in reforming teaching methods and making a good job of open-style teaching; and in establishing a new textbook system. [four "breakthroughs" as published]

Since the spring of 1990, CMC Chairman Jiang Zemin has inspected the NDU and met teachers and students 11 times. He set an even higher goal for the NDU: "Carry forward the tradition; reform and innovate; learn widely from others' strong points; and build the NDU into an example of revolutionization, modernization, and regularization for the whole Army."

As instructed by the CMC chairman, the NDU has established a relatively well-developed curriculum and textbook system and modern teaching methodology; blazed a new trail in military thinking and military strategy focused on Deng Xiaoping's guideline for army building and military strategic principle in the new era; and supplied the Armed Forces with a large number

of qualified senior military officers. Among the top commanders of our group armies, 90 percent studied in the NDU and more than 60 leading cadres at and above the military region level graduated from the NDU.

From the seashore of the Bohai to Zhaowuda Grassland, from the southeast coast locations for missile test-launch training to the flagships in naval maneuvers, former NDU students are faithfully performing their solemn missions.

Toward the end of November 1995, the smoke of gunpowder was floating over surging waves on the seafloor of southern Fujian. A ground, naval, and air coordinated combat exercise for the Nanjing war zone was going on here. In the headquarters, the commanders and staff officers of the three armed services used varied means of command to give timely and efficient combat orders, keep track of the progress of operations, coordinate the action of three services, decisively handle various circumstances that arose during the combat, and direct the three services in a tense but orderly way. In the exercise, General Ma Fengshan [7456 7685 1472], commander of Nanjing Air Force, made full use of the principles of campaigning and military strategizing that he had learned while at the NDU. He directed the air unit to operate closely with the ground force and the Navy. The strong, multilevel firepower from a variety of aircraft effectively shattered the air and marine barrage put up by the "blue army" and ensured the success of the joint landing of the three armed services.

It so happened that during this exercise, Zhang Zhicheng [1728 1807 6134], deputy commander of the air arm of the East China Sea fleet and former NDU student in Ma Fengshan's year, was also commanding planes in the operation. The pair who had once been in a confrontational exercise on a modern combat simulator system at the NDU were now fighting side by side in the battle to protect our motherland's territorial air space.

According to an NDU follow-up study on its graduates, when they return to their units, their horizons have been broadened, the level of subjects that they are concerned with is higher, and their overall ability has been enhanced. They not only can competently perform their assigned duties, but are also capable of switching to other posts.

After graduating with all A's from the Basic Department [ji ben xi 1015 2609 4762], Liu Chenkui [0491 5256 7608] returned to his division and became its political commissar. When the division commander went to the NDU for further studies and was absent from his command post, Liu took on the dual post of military and political command. He used the knowledge he had learned from the NDU and led the troops to carry

out in-depth reform of the military exercises. After investigating the division's grass-roots units, CMC Vice Chairman Liu Huaqing was delighted and praised this political commissar, capable of wielding both the pen and the sword: "It looks like you are applying what you have learned."

(II)

Soon after the NDU was founded, Comrade Deng Xiaoping meaningfully said to General Zhang Zhen: "As early as the Jinggang Shan period, our Army set up an officer instruction team. Later, as the revolution progressed, military academies and schools also developed and left behind many glorious revolutionary traditions. They are the most precious assets for running military institutions today."

In May 1990, Comrade Jiang Zemin came to the NDU. He gazed for a good while at the NDU motto displayed in the auditorium's foyer: "Be united, alert, earnest, and lively," an inscription written by Comrade Mao Zedong for the Chinese People's Anti-Japanese Military and Political College [CPAJMPC]. With deep feelings, he said to the NDU leaders: "You should carry forward the spirit of the CPAJ MPC and adopt this spirit as the NDU's spirit."

At each major event, the NDU would solemnly play the "National Anthem" and the "Song of the CPAJ MPC." The young generals understood that the heavy task of "driving the Japanese aggressors to the east of our territory" was accomplished by the older generation, but the goal of "advancing toward a new society" means we still have a long way to go and heavy tasks to perform. The children of the Chinese nation should at all times forge ahead like the surging water of the Huang He.

The "Red College" and the "Anti-Japanese College" were the NDU's predecessors.

On 1 June 1936, the "Chinese Workers' and Peasants' Red Army College" was renamed "Chinese People's Anti-Japanese College of the Red Army" (shortened to "Red College"). In January 1937, the "Red College" was moved to Yanan and was renamed the CPAJ MPC.

Among his other positions, Mao Zedong not only took up the chairmanship of the CPAJ MPC education committee, but also formulated an educational principle for the college, namely, "a steadfast and correct political orientation, a hardworking and down-to-earth work style, and flexible and adaptable strategy and tactics."

In the six months between May and November 1938, over 30 legendary party, political, and military leaders came to the CPAJ MPC to give lectures and speeches. They did not give the students academic degrees; they

imparted to them the faith and strength for annihilating the enemy, saving the country, and emancipating the nation.

Looking through the roster of CPAJMPC students, one can find the names of many famous anti-Japanese generals that are so familiar to people: Luo Ronghuan, Luo Ruiqing, Tan Zheng, Yang Chengwu, Chen Shi [word indistinct], Luo Binghui, Chen Geng, Wang Shusheng, Peng Xuefeng, Xu Shiyu, Yang Dezhi, Hong Xuezhai, Zhang Aiping, Yu Qiuli, Liu Huaqing, Zhang Zhen.... It was because batch after batch of CPAJMPC graduates achieved outstanding feats behind enemy lines and spread their names far and wide that the Japanese troops regarded it a thorn in their flesh. The chief of the Japanese troops invading China, Okamura Yasuji, said: "I would rather sacrifice 20 Japanese soldiers in exchange for a CPAJMPC student; and 50 Japanese soldiers for a CPAJMPC cadre."

The glorious precedent created by the older generation makes today's NDU teachers and students feel how heavy their responsibility is. Bearing firmly in mind the instructions of the two CMC chairmen, they have carried forward our Army's fine tradition in running military academies along the line of heritage set by the "Red College" and the CPAJMPC and have opened up a path for strengthening and improving the political quality and party spirit of the Armed Forces' senior officers in the new era.

Though the modern buildings have replaced the cave dwellings of the old days, the fine tradition of the Red College and CPAJMPC is glowing with new radiance. All generals and field officers studying here check themselves against the criterion of an "ordinary student, ordinary party member, and ordinary soldier." Everything is done according to regulations, from the day-to-day schedule to interior management, from appearance and bearing to drilling and attending lessons.

In the spring of 1991, Zhang Zhen took the NDU students to Yanan for on-the-spot teaching. After that, each NDU president would head similar groups and help them find history's implications for the present day by tracing the footprints of the people's army.

Soon after the Fifth Plenary Session of the 14th CPC Central Committee was held, the new NDU president, Xing Shizhong, took the students to the old liberated areas in Jiangxi and Fujian for in-field teaching. From the site of the Sanwan reorganization to where the Gutian Conference resolution was made, the students integrated their study of the Fifth Plenary Session's spirit with what they were witnessing and had a better understanding of the important significance of upholding the party's absolute leadership over the Army and obeying

the command of the party center and the CMC with Comrade Jiang Zemin at the core in all areas under the new historical conditions.

Through looking back, many papers and advisory reports, demonstrating remarkable insight into the status quo and prospects of army building, were written: "Mao Zedong's Military Thinking and Future Warfare," "The Concept of People's Warfare and Local Warfare Under High-Technology Conditions," "Promoting the Tradition of the Old Red Army and Strengthening Political Work in the New Era," "A Few Thoughts on the Relationship Between Officers and Men in the New Era," "Guard Against Corrosion of Troops Stationed in Special Economic Zones by Worldly Temptations," and so on. These thoughts inspired by history have contributed positively to the troops' practical work.

On the Red Army's winding path, an army flag, its color never fading, is flying high.

(III)

In May 1987, Zhang Zhen, who had once been a commander of the Chinese People's Volunteers, visited the U.S. Army, who had been his enemy on the Korean peninsula. His feet, which had covered 25,000 li in the Long March, stepped on the other side of the Pacific. To the Chinese military people, this was an expedition in a new sense.

That year was the 60th anniversary of the people's army in its glorious journey. For the older generation of Chinese soldiers, their knowledge of the other side of the world had mostly come from the battlefield and, by the same token, the West's fragmentary knowledge of the Chinese Army had also been obtained through the flames of war and gunsmoke. It was reform and opening up that changed the way in which Chinese soldiers would understand the rest of the world and the rest of the world would understand Chinese soldiers.

On the afternoon of 28 January 1986, at the first reception for foreign military attaches after the NDU's founding, President Zhang Zhen and political commissar Li Desheng, in a cheerful and humorous mood, demonstrated to the military officers from 35 countries the NDU's principles for moving toward the world and its determination to achieve it.

During the past 10 years, the PLA NDU established interacademic relations with the U.S. Defense University, the Royal Defense College of Britain, and the Defense College of Pakistan. The NDU leaders and its teaching and research staffs visited about 30 countries and attended dozens of international military and security conferences, including the "Atlantic Council Conference,"

"London International Strategic Studies Annual Conference," "International Forum on Security Trends," and "Symposium on Preventing the Danger of Nuclear Proliferation and New Nuclear Threat." What was particularly noteworthy was that the NDU teaching and research staffs, as well as the generals-cum-students in the Defense Research Department from all over the Army, went on 67 group observation trips to foreign military academies and army units, under the NDU's unified organization and arrangement.

The Chinese soldiers embracing the world not only absorb knowledge and learn extensively from others' strong points, but also proudly step onto the international rostrum and let the voices from China be heard. The speeches and papers, such as "The PLA's Modernization Process," "The International Security System and China's National Security in the Post-Cold-War Era," and "Sun Zi Warcraft and Clausewitz," brought the images of the Chinese Army and the NDU to the fore.

The NDU also opened itself up to the world. During the 10 years, nearly 50,000 foreign military personalities, military experts, and scholars in over 500 batches from more than 50 countries stepped inside the NDU gates. Its campus became a venue for sharing information and the latest developments of world military science. General Gustav, commander-in-chief of the Swedish Armed Forces, gave a lecture on Sweden's defense; General Hayes [hai si 3189 2448], commander of the U.S. Pacific headquarters, spoke on the strategy in the Pacific region; Sir Howard [huo de hua 7202 1795 5478], British international studies expert, commented on the European conventional armament talks; Pisoniro [bi suo nie luo 3024 4792 3206 5012], defense chief of staff of Italy, shared his opinion on the Mediterranean situation; Bagnar [ba ge na er 1572 2706 4780 1422], chief of staff of the British Army, shared his research on NATO troops; Weinberg, former U.S. defense secretary, made a speech on U.S. military strategy....

To let more people benefit from and upgrade the academic level of such exchanges, the NDU also conducted more than 400 academic discussions between its teaching and research staffs and foreign counterparts. Nearly 200 commanding officers at and above the army level of foreign armed forces from dozens of foreign military academies and thousands of NDU teachers and researchers attended such discussions.

This is a triphibious war under high-technology conditions. The senior commanders from the Red and Blue sides are directing their respective forces in an unprecedented campaign against each other in the vast battlefield. A huge monitor displays the deployment of troops by the two sides and the battlefield situation. Electronic

confrontation, anti-air-raid campaign, sea campaigns, air campaigns, coast defense, anti-airborne-landing.... The commanders of the two sides are locked in a battle of wits and bravery.

The exercise hall of this modern combat simulation teaching building is also open to foreign military personalities. House [hao si 6275 2448], president of the U.S. Defense University, could not stop his praise after watching the demonstration of "Hongshan No. 1" combat system: "The campaign training is very complicated. The system designed by your university has greatly enhanced the teaching. This is something the Chinese soldiers can be proud of!"

To cater to the needs of modernization, the NDU boldly conducted a series of reforms. It has offered a total of 365 courses of different subjects; compiled and revised more than 700 textbooks and over 1,000 handouts; set up a relatively well-developed curriculum system and textbook system; and developed and applied a series of results in teaching and research. The research on many combat-related subjects and projects, such as campaign studies, officers' physical capabilities, and methodology for study on foreign armed forces, is under way or has generated results. The NDU has adhered to the guideline of "four servings" of research; actively explored ways to integrate research with teaching; published over 600 academic monographs and monograph-like textbooks, of which over 100 were designated key projects of the national and Army-wide "Seventh" and "Eighth Five-Year Plans" and over 200 won various awards within and outside the Army. The NDU has also, in a timely manner, supplied the party center, the CMC, the three PLA general departments with over 300 advisory reports on major issues related to army building. From the formulation of our Army's military strategies and principles in the new era to our Army's productive operation, the relevant personnel in charge of investigation and research paid timely attention to many important matters in the field of army building and thereby offered a basis for the formulation of many important policies by the CMC. This has attracted close attention from CMC leaders.

The shockwaves of the opening up have injected vitality into the NDU's building; and the achievements of the opening up have also radiated to the whole Army from this window. They are continuously creating new vibrations in the journey of this great force marching from the red soil to the new millennium, striking up a strong note of the modernization march.

**PRC: Beijing Military Region's Commander
Inspects Shanxi**

SK2406095496 Taiyuan SHANXI RIBAO in Chinese
26 May 96 p 1

[FBIS Translated Text] While inspecting the people's armed forces work of some counties (cities) in Shanxi province from 15 to 20 May, General Li Laizhu, commander of the Beijing Military Region, stressed that we should proceed from the overall situation of stressing politics, persist in the policy that the party administers the armed forces work, and further strengthen the building of people's armed forces departments.

Dong Yunhai, commander of the provincial military district; Chen Deyi, political commissar of the district; and Chen Yutian, deputy commander of the district, respectively accompanied Commander Li Laizhu to inspect the Datong military sub-district, the Datong reserve service division, and the people's armed forces departments of some counties (cities), including Yuanping, Huairan, and Yanggao.

Commander Li Laizhu conscientiously heard the reports by the local party, government, and army principal leaders; and highly appraised the party in Shanxi for successfully administering the armed forces work. He said: In the new situation, the Shanxi Provincial party committee and government have maintained and carried forward the party's glorious tradition of administering the armed forces work, and have paid full attention to and supported the work related to the army and the reserve service forces. Shanxi has done a good job in maintaining the relationship between the Army and the government and between the Army and the people. In the preceding stage following the issuance of the central instructions on strengthening the building of the county (city and district) people's armed forces departments, the party and government leaders across the province, from Secretary Hu Fuguo and Governor Sun Wensheng to the prefectural, city, and county party and government leaders, paid firm attention to the militia work and the work related to the reserve service forces. Under the situation in which local organizations were being readjusted and streamlined, the province has done a good job in placing the personnel transferred from the people's armed forces departments. Although it is not financially rich, Shanxi has invested much financial resources in the construction of the people's armed forces. Recently, the provincial party committee, the provincial government, and the provincial military district made a special decision on strengthening the building of county (city and district) people's armed forces departments. A good job has been done in these aspects. I am going to thank the leading comrades

of the party committees and governments at various levels in Shanxi Province for supporting and being concerned about the people's armed forces work. Li Laizhu stressed: County (city and district) people's armed forces departments are military departments of the county party committees as well as the military service organizations of the governments. No matter what changes take place in the departments to which the people's armed forces are attached, the policy that the party administers the people's armed forces departments and the dual leadership system will not be changed. I hope that all levels of party committees and governments should, as always, pay attention to the people's armed forces work; and pay attention to bringing into play their role as military departments. Meanwhile, the people's armed forces departments should consciously respect and accept the leadership of local party committees and governments, positively participate in localities' work, and help accomplish their tasks.

Li Laizhu repeatedly stressed: According to Chairman Jiang Zemin's requirements, the people's armed forces departments should "stress study, politics, and justice"; and realistically put the enhancement of the ideological and political work in the primary position. To stress politics, they should set higher, stricter demands on themselves. This is a matter of fundamental importance. They should well study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, draw distinctions in "eight aspects," and ceaselessly upgrade political sharpness and ideological and moral purity. He said: People's armed forces departments are the "fore-front command posts" for the building of the people's armed forces. So, the provincial military district and military subdistricts should pay attention to the building of people's armed forces departments. According to Chairman Jiang Zemin's general requirements for "being politically qualified and strictly well disciplined, as well as having a perfect mastery of military techniques, good work styles, and forces to safeguard the country," the people's armed forces departments should make efforts to ensure that their leading bodies be strong; that their staff be politically qualified and have a perfect mastery of military techniques, a strict sense of organizational discipline, and solid work styles; that their basic facilities be perfect; that rules and regulations be well implemented; that there be good relationship between the army and the government and between the army and the people; and that the construction of the people's armed forces be comprehensively strengthened. The people's armed forces departments, military affairs organs; and their cadres should foster a good image among the local people.

Li Laizhu has paid full attention to the building of militia forces and reserve service forces. He said: The key to archiving the militia work in the new situation hinges on implementing the military affairs strategic policies in the new situation. The militia work should conform to not only the "market" demands but also the demands of "battlefields." The provincial military district, military subdistricts, and people's armed forces departments should attach importance to this issue. He stressed: During the peacetime, the people's armed forces departments should positively organize the militia to engage in the construction of the spiritual and material civilizations; strengthen the training of the members of the militia in the course of developing the economy and fulfilling urgent, heavy, dangerous, and difficult tasks; and make contributions to rejuvenating Shanxi, making the people rich, and ensuring Shanxi's stability. Now, the severe crackdown struggle is in progress. Members of the militia should take the lead in joining the struggle and actively work in cooperation with public security departments to safeguard the public order. This is also a kind of training.

While inspecting Shanxi, Li Laizhu also stressed for several times the importance of strengthening the national defense education. He said: In the new situation of reform, opening up, and developing the market economy, we should vigorously strengthen the national defense education and enhance the awareness of national defense. Over the past years, Shanxi has paid good attention to the national defense education. In this period, several leading comrades of the Central Military Commission visited one after another several localities in Shanxi, such as the Datong Youngsters Military School and the Tongfeng Meat Food Plant; and affirmed their achievements. With achievements in national defense education, we will be able to create good conditions for army building and the construction of the people's armed forces departments, as well as a good social environment.

PRC: Elite Air Force Unit Determined To Seize Control of Air

HK2406090896 Beijing JIEFANGJUN BAO
in Chinese 23 Apr 96 p 2

[Article by special correspondent Zhang Nongke (1728 6593 4430) and staff reporter Gao Aisu (7559 5337 5685): "'Trump Cards' Belong to Chinese Fighting Eagles"]

[PTS Translated Text for FBIS] Editor's note: The reality of the regional wars of today has repeatedly proved that to win total victory in war, one should first seize control of the air; and to effectively safeguard the national sovereignty and territorial integrity of our

country, we need to build up a powerful air force. During the military exercises held by our Army along China's southeast coasts in March this year, the Air Force was engaged in a combined operation with naval and land forces, and displayed its sound combat capability under high-tech conditions. Recently, these reporters interviewed a number of flight regiments equipped with main battle planes of various types. Based on the interviews, this serial report entitled "Flight Regiment Commanders of the Chinese Air Force and Their Fighting Eagles" is aimed at demonstrating the enterprising spirit and heroic demeanor of the officers and men of the people's Air Force during the course of realizing modernization. [end editor's note]

The fighter regiment headed by Lieutenant Colonel Ying Bingxiang is equipped with Chinese-made supersonic fighters of the 1990's—a type of main battle plane to be used by the Chinese Air Force to seize air supremacy in future air battles. He often says with humor when he is with his plane: "Fighting eagles are no 'pigeons'; they should be turned into China's 'top-notch fighting eagles' that fly high in our territorial sky!"

The Chinese Air Force has long enjoyed "top-notch" status in the world's history of air warfare. According to the historical data of our Army, at the time when the Chinese Air Force was first established, Chairman Mao instructed to save the designation of the "First Division of the Air Force" for any division which could prove first to bring down enemy planes. Having received merely 100 hours of flight training, the air unit to which Ying Bingxiang belonged flew to the battlefields of Korea and won its very first battle, thus winning the honor of the "First Division" of the Chinese Air Force.

It was in military exercises held by the Air Force shortly after the Gulf War that Ying Bingxiang first showed to the public the combat capacity of new types of Chinese-made fighters. Relevant authorities at higher levels organized the exercises to inspect the combat effectiveness of the Air Force based on the understanding that the reality of high-tech wars had changed the traditional concepts and modes of the Army: During the 42-day Gulf War, the air campaign accounted for 38 days; in future wars, the Air Force will surely play the leading role on the battlefield!

At the time when the military exercises were held, Ying Bingxiang had been trained to pilot his new fighter for a mere 4 hours and 27 minutes—even shorter flight training than that received by his predecessors before participating in the Korean War. Much beyond people's expectation, his four-plane formation miraculously produced "top-notch efficiency" for the new type of Chinese-made fighter.

The shooting average of the first live launching of air-to-air missiles and the first live bombing of airborne bombs reached 100 percent; while 20 out of the 28 missiles launched in the first live salvo firing of air-to-ground missiles hit their targets directly. In an ultra-low-altitude flying exercise which best demonstrated the functions and tactical advantages of the planes, the supersonic fighter operated by Ying Bingxiang swept past the reviewing stand at an altitude of 12 meters.

It was right on the site of the military exercises that Ying Bingxiang was appointed commander of a certain fighter regiment. As a main force of the Air Force, the air unit of fighters is shouldered with the mission of intercepting and bringing down enemy plans and seizing control of the air. Along with changes in the requirements of high-tech wars for air battles, modern fighters are no longer planes with a unitary air combat function. The new-type Chinese-made fighters, which equip Ying Bingxiang's regiment, are one of the world's most advanced fighters and enjoy all-position assault capacity with combined "fighting, bombing, and attack" functions.

Ying Bingxiang and his fighters first attracted the attention of the world's air forces in a flight demonstration China organized for the military attaches of 25 foreign embassies in China. Prior to the demonstration, these military attaches only knew Pugachev [pu jia qiao fu 2528 0502 0829 1133], a pilot from the former Soviet Union who achieved the tactical assault maneuver of "cobra" at a tilt angle of 120 degrees by suddenly reducing the speed of his Su-27 fighter when sweeping past at the Paris Aeroexpo. On this day, with his Chinese-made fighter, Ying Bingxiang achieved a number of similarly unprecedented dynamic attack maneuvers at an altitude of 1,800 meters [as published], including "low-altitude vertical eight" and "counter-pursuit in a slope-intercept form." In the roaring noise of planes sweeping past, all the military attaches present at the scene exclaimed with admiration: "The Pugachev of China!"

When training his troops, Ying Bingxiang is good at locating "top-notch" air advantages through effecting optimum integration between man and plane. For fighters, the concealed close contact with the enemy is a crucial link in getting the upper hand during air battles. On studying the "surgical-type" assault of the U.S. Air Force against Libya, Ying Bingxiang concluded that the credit for the air-battle miracles created by the U.S. Air Force should go not only to the satisfactory performances of their fighters, but also to the stealth tactics they adopted, by which planes could make silent long-distance flights at low altitudes. During a military exercise carried out by the regiment at a later time, Ying Bingxiang and his men conducted a wireless silent flight, the first in the training history of the Chinese Air

Force, at an altitude even lower than the summit of these mountains. Pilots participating in the exercise were all wet with cold sweat: "It is just like passing through a forest of trees, only the 'trees' are actually mountains!" This marked the success of the unit's long-range confrontation raid.

Because of the designed downthrust function of fighters, not all the bombs they drop successively hit the bull's eye of the same central target. However, Ying Bingxiang deliberately "took the risk" of dropping bombs at a bigger vertical angle, literally pushing the designed percentage of hits from 30 percent to 90 percent. At the same time, he also brought up a number of "bomb-release experts" in the regiment.

During their visit to the United States, members of the delegation of the Chinese Air Force had a trial of strength with U.S. "top-gun pilots" in an air battle employing fighters of the same type, on a high-performance simulator, of course. When the guests won victory, their opponents refused to concede defeat; and another 10 rounds pushed the combat gains to 10:0. The hosts exclaimed with their thumbs up: "The pilots of the Chinese Air Force are the world's first-class pilots; given good planes, you will undoubtedly prove the best among the air forces of the world."

After relaying this story to Ying Bingxiang, a principal leader of the Chinese Air Force made only one remark: "Now, the motherland has entrusted its best planes to you."

Under the command of Ying Bingxiang, the regiment conducted its first missile attack exercise with the new-type fighters under a new regimental organizational system on the eve of New Year's Day this year; and carrying new-type air-to-air missiles with them, all the fighting eagles achieved a 100 percent hit rate in a live firing of missiles.

***PRC: Hubei MD Political Commissar on Near Echelon Troops**

96CM0302A Beijing GUOFANG [NATIONAL DEFENSE] in Chinese 15 Feb 96 No 2, pp 14-15

[Article by Maj. Gen. Xu Shiqiao (1776 1597 2884), political commissar of Hubei Province Military District: "Mobilization and Use of Reserve Troops in a High-Tech Local War"]

[FBIS Translated Text] The practice of local wars that will occur in the world in the near future as well as the development of military science and technology declare that, in a future high-tech local war, the traditional means of mobilizing and using reserve troops face a

serious challenge and in this regard we must conduct a conscientious study and exploration.

I. Basic Principles That Should Be Followed in Mobilizing and Using Reserve Troops in Local Wars Under High-Tech Conditions

The most prominent characteristics of future local wars under high-tech conditions are: sudden break out, massive attrition, and rapid course. To adapt to these characteristics of a future high-tech local war and attain our army's strategic objectives, the mobilization and use of reserve troops should follow the following principles:

Principle of taking the whole situation into account and planning accordingly In a local war under high-tech conditions, the mobilization and use of reserve troops must be suitable to the country's capacity for support, with unified planning and due consideration for all concerned, comprehensive balance, careful planning, and rational arrangements. In planning space, achieve a situation in which the front and the rear coordinate actions, and in which there is a rational distribution of the burdens in the primary and the secondary directions; in time, consider the different needs at each stage of the war, and ensure that a large number of high-quality reserve troops are put into the war in a steady stream.

Principle of quality first In modern local wars, because of the large amount of high-tech weapons used, the demand on reserve troops for quality is far greater than the demand for quantity. In the Malvinas Island Wars, the 1,500 reserve troops mobilized by Britain were all specialists and technicians with abundant experience in medical matters, mechanical repair, and flying. In the Gulf War, the great majority of the first batch of reserve troops called up by the U.S. Armed forces were technical troops skilled in chemical warfare defense, medical matters, and mechanics. The demands of future high-tech local wars on technical troops are becoming higher and higher, and the number of them needed is becoming greater and greater—this is an inevitability in the development of history. Therefore, we must firmly foster the consciousness that for reserve troops quality comes first, and vigorously strengthen the construction of the specialist and technical reserve troop contingent in order to lay a solid technical foundation for winning future wars under high-tech conditions.

With regard to the principle of synchronous use in future wars, because of the widespread use of high and new technologies, the enemy's attacking strength will have been unprecedentedly increased; if one only depends on the limited number of active-duty units it will be difficult for them to withstand the enemy's first-wave attack. Therefore, the mobilization of reserve troops must be done at the same time as the mobilization of

active-duty units; and they must maneuver at the same time in order to fill the gaps in defense among active-duty units. In the Gulf War, while moving active-duty units, the United States mobilized and called up more than 200,000 reserve troops and sent them to the Gulf to take part in the war, and they played a very good role. The Gulf War showed that, in modern wars, no matter whether it is attack or defense, we must seek to put into action the first batch of reserve troops in order to increase the attack strength and resistance strength of the active-duty units.

Principle of being on the spot or being nearby In wartime troop mobilization under ordinary circumstances, this principle must be firmly upheld, thereby avoiding seeking far and wide for what lies close at hand and being tired out by too much running around. This is even more the case in local wars under high-tech conditions. This is because, in high-tech local wars, because of the use of a large number of long-range air raid weapons and precision-guided missiles, a very great threat is posed to the assembly and transport of troops. In the Gulf War, the large-scale air raids by the forces of many countries bombed and destroyed the bridges on Iraq's main highways; the rear transportation line was greatly damaged, almost putting the frontline units in a plight of running out of ammunition and food, which had a fatal effect on the armed forces' combat effectiveness. Therefore, in future local wars, we must uphold the principle of being on the spot and being nearby—being on the spot and being nearby means storing up reserve troops and mobilizing reserve troops.

II. Main Forms of Reserve Troop Mobilization and Use in Local Wars Under High-Tech Conditions

The forms of mobilizing and using reserve troops follow different and changing patterns, and the conditions of war decide the forms that must be adopted in mobilizing and using reserve troops. Under high-tech conditions, if we want to obtain victory in war, we must, based on the characteristics of high technology and its effects on war actions, determine the forms of reserve troop mobilization and use.

Batch make-up use This includes the two situations of making up shortages to reach authorized strength and of making up war losses. This is the form in which reserve troop mobilization and use is implemented during the entire course of a war. Making up to authorized strength; in a period of peace, there are fairly many understrength active-duty units (e.g., units in the Ready Reserve and in some other situations); after the outbreak of a war, we should, based on the operational mission a unit is charged with and the number of its understrength personnel, bring the unit up to strength in order to meet

the requirement to carry out its mission. Making up war losses: this means making up the loss of personnel caused by war. Under high-tech conditions, the loss of troops in a local war will unprecedentedly increase, and we should strive to put high-quality reserve troops by batches into units in order to ensure that the units have the capability to sustain operations.

Ready reserve for coordination and use Having a ready reserve for rapid mobilization by calling up preestablished reserve troops for active-duty service is an effective way for the armed forces to swiftly make the change from peacetime to wartime and to rapidly mobilize an expanded establishment. In the Fourth Middle East War, Israel rapidly put the 14 reserve brigades in the ready reserve on active duty, a move that played a central role in reversing its passive situation on the battlefield. In the Gulf War, the U.S. Armed Forces' ready reserve mobilized and called up for active duty three infantry brigades, one field artillery brigade, two armored battalions, and one cavalry squadron. In modern local wars, the ready reserve's mobilization and use of reserve troops have become the main form of troop mobilization. Its specific methods are: First, transfer reserve-duty units to active-duty service. The organization of reserve-duty units is tight, and their weapons and equipment, establishment and system are basically the same as those of active-duty units; they possess a fairly strong combat effectiveness, and, when under emergency circumstances, they are transferred to active-duty service, they are mainly attached to regular units to carry out operational missions, charged with being reserve units, or with undertaking attack and defense operations in the secondary direction. Second, form special units and specialized technical detachments. Based on wartime needs, in some departments and units in the localities that have the same or similar military specialties, form special units and specialized technical detachments. For example, in military interrelated departments, such as the scientific research system, civil aviation, post and telecommunications, and medical departments, correspondingly form electronic reconnaissance, jamming, camouflage, air transport, communications, and medical units or detachments, which will mainly undertake battlefield service and logistical support missions. Third, the ready reserve will organize militia to replenish units. In line with the demands of the troop mobilization advance plan and of the operations of combined arms units, in peacetime the preestablishment method will be adopted, outstanding core members of the militia will be taken and, in line with the wartime establishment, they will be assigned positions, duties, and equipment, so that once a problem crops up they will immediately be put into the regular units to carry out operational missions.

Orientation and independent use Under high-tech conditions, based on the war's scale, pattern, and course, reserve troops also can independently undertake some operational missions: The first use is to assist the regular units in undertaking some defensive missions. This is a case in which, under the ready reserve, reserve troops defend the regular units' defensive gaps, vital communications lines, logistical systems, as well as important targets, and with vigorous actions delay and wear down the enemy, thereby creating conditions for the regular units to wipe out the enemy. The second use is to resist enemy air raids and counter enemy airborne operations. In a future high-tech local war, the enemy will certainly rely on his air superiority, and at an early date carry out air raids and airborne operations against our shallow depth and deep depth. We should, in line with coordinated plans, organize reserve troops to concentrate the fire of antiaircraft weapons on enemy transport aircraft and airborne forces, and coordinate with the main-force units in shattering the enemy's strategic intentions. The third use is to undertake logistical support missions. This is one of the main missions of reserve troops under the conditions of modern warfare; based on the arduous reality of logistical support missions in modern warfare, we must use large numbers of reserve troops to transport ammunition and various kinds of strategic material and to rescue the wounded, thereby carrying out the mission of transportation between the front and the rear.

Demarcate for common use The war zone command system, based on the zone's militia and reserve personnel's characteristics in being familiar with the people, terrain, and situation in the zone, under unified leadership, will organize them to launch a people's war on a wide scale; they will use many forms to strike at the enemy, guard factories and mines, collect information, safeguard public order, perform people's air defense well, strengthen the defense of important bridges and key targets, set up obstacles, and harass and wear down the enemy, thereby engulfing the enemy in the ocean of a people's war.

III. Opportune Moment for Mobilization and Use of Reserve Troops in Local Wars Under High-Tech Conditions

The opportune moment for mobilization and use of reserve troops has a very big effect on the course and structure of a war. If the opportune moment is missed by being too early, the normal development of the national economy will be thrown into disorder, and politically we will fall into a passive position; if the opportune moment is missed by being too late, we will fall into a passive position militarily, causing us to suffer a serious setback in the initial stage of the war. Only by correctly

grasping the opportune moment for mobilization and using these troops can we grasp the initiative in the war, and promote a change to an aspect that is favorable for us and unfavorable for the enemy.

Mobilization and use of troops on the eve of the outbreak of war No war occurs by chance. To start a war one needs to make preparations; no matter what kind of deceptive and camouflage measures are taken, one must muster several ten thousands, several hundred thousands, a million, and even several million troops, and one cannot reveal any trace of them. In the Fourth Middle East War, Egypt and Syria attached extreme importance to strategic camouflage, but they were still discovered by U.S. reconnaissance satellites and the Israeli Force's battlefield reconnaissance. "Green duckweed begins at the end of a gentle breeze." Before a war breaks out, we must be good at "penetrating the dense fog" and carrying out a conscientious analysis of and judging the omens of war. When the enemy's warlike intentions are discovered, the decision-making organizations must resolutely make up their mind, and the troop mobilization organizations at all levels must, in line with the state's guiding policy for military operations with its strategic intentions, take effective measures to organize the mobilization of reserve troops, work hard to complete the mobilization of the first batch of reserve troops before the enemy attacks, at all times be prepared to coordinate with the field army to resist the enemy's surprise attack, block the enemy from driving straight in, achieve initial stabilization of the war situation, and create favorable conditions for our military operations.

Mobilization and use of troop mobilization after the outbreak of war Once a war breaks out, and the number of invading enemies, the direction of their attack, and other circumstances are revealed, we are required to swiftly react. First, based on the enemy's situation, we must organize the reserve troops within a short period of time, complete their assembly and put them on the battlefield, or have them coordinate with the regular units in delaying and blocking the enemy, and in covering the main-force units' deployments and maneuvers; or independently carry out various operational missions, cover mass evacuations, undertake the work of transporting between front and rear battlefield material and the sick and wounded, and perform civilian war service and support well. Following the development of the course of the war, we must, within the scope of the war zone, in a planned, measured, and rhythmic way conduct sustained mobilization and at the necessary time we can examine the scope of mobilization, ensure that the regular units are consistently effective, and from first to last maintain vigorous combat effectiveness.

Troop mobilization and use in middle and later stages of war In the middle and later stages of a war, particularly in the later stage, we must ensure that there are enough troops to fight the enemy, and also ensure the continued operations of the economy and production, so that the regular units obtain reliable support of the material needed. Therefore, in a modern local war, the troop mobilization in the middle and later stages of the war must take an extensive look at the entire situation, and rationally distribute manpower in the front and the rear. First, based on the course of the war, scientifically determine the number of reserve troops to be mobilized in order to prepare a powerful reserve force for a strategically decisive battle. Second, organize the reserve troops to take the place of main-force units in defending strategic points and logistical bases, thereby ensuring that the whole strength of the main-force units engages the enemy in decisive battles and pursues and destroys the remnants of the enemy forces. Third, fully display the reserve troops' superiority in being both a military and civilian force by helping the masses to rebuild their homeland, reducing war losses, and restoring the state of peace.

PRC: Shanxi Holds Open Trials; Executes 'a Number of' Criminals

SK2406105196 Taiyuan SHANXI RIBAO in Chinese
11 Jun 96 p 1

[By reporter Meng Yinfeng (1322 6892 7364), and correspondents Duan Aisheng (3008 5337 3932) and Ling Yu (0407 1342)]

[FBIS Translated Text] On 10 June, the localities of Shanxi simultaneously held open trials with an unprecedented scale and great momentum, announcing judgments in public according to the law concerning 820 cases and 1,470 serious criminals. Of them, 920 criminals were sentenced to imprisonment above five years, and 180 criminals were sentenced to life imprisonment, death penalties with suspended execution, and death penalties. After open trials, a number of criminals—who are guilty of the most heinous crimes and against whom the popular indignation cannot be assuaged if they are not killed, were escorted to the execution ground according to the law and executed by shooting.

This was another relentless blow the political and legal organs have struck to criminals, following Shanxi's victory in the first battle of the crackdown drive. In this battle, justice departments, procuratorates, and courts closely coordinated with each other, made concerted efforts, and worked extra hours to arrest, accuse, and judge criminals in a speedy manner. Thus, a number of serious criminals doing harm to and domineering

in localities were strictly punished according to the law. In this unified action, courts across the province dealt relentless blows to criminals who were on the run and continue to endanger the society despite the current trend. According to statistics, since May, courts throughout the province have passed judgments to 24 criminal of 18 cases, which were resolved in the crackdown drive this time. Of this, 11 serious criminals in seven cases, who had committed serious crimes against the current trend since April, were strictly and rapidly handled according to the law, and eight of them were sentenced to death according to the law. Since May, courts across the province also have struck relentless blows to a number of criminals on the run. Of this, seven criminals in seven cases, guilty of fleeing from prisons and other serious crimes, were judged by the provincial courts and sentenced to death.

He Hailong—who was guilty of robbery, intentional homicide, and illegally buying and selling firearms and ammunitions and were punished twice for burglary and robbery—did not repent his deeds, and ganged up with Wang Quanzhi, Gao Shengping, Gao Cunhai, and Gao Xiuzhong, who were guilty of robbery and released from reformatories through labor and education, and Lin Minghui, committing crimes of robbery and intentional homicide. They, individually or in group, had wantonly robbed and intentionally killed and harmed people in the Taiyuan area since 1995. On 30 December 1995 and 8 and 20 February 1996, they robbed cab drivers and shot two people to death when confronting resistance. They snatched one of the cabs but failed to sell it. On the evening of 10 October 1995, these gangsters broke into one resident's house in Xiaogou Street in Taiyuan, snatching more than 46,00 yuan, and two victims were injured by firing guns. The above-mentioned six criminals were all sentenced to death and deprived of political rights for life by the Taiyuan city Intermediate People's Court.

When the crackdown drive was launched throughout the nation rapidly and vigorously, a serious homicide case took place at the Sitai mine of the Datong mine administration on 23 April. The criminal Wu Jianbin, former worker of the Sitai mine of the Datong mine administration, nursed a hatred suspecting his wife Zhao having an affair and suspecting his neighbors Sun and

Ma talking about his wife's misconduct. At about 6:00 in the morning of 23 April, Wu Jianbin had a dispute with his wife Zhao over this matter again. Utterly discomfited, he violently stroke Zhao on her head with an axe several times, causing Zhao's death on the spot. Then, with the axe, he ran to the houses of Su and Ma, killing the whole family of Ma, which totals four, and Ma; and another two people were injured. The Datong Intermediate People's Court passed a death sentence and deprivation of political rights for life to Wu Jianbin for intentional homicide.

Criminal Zhang Xianming was a peasant in Julu County of Hebei Province. He had been punished three times for burglary in 1988, 1989, and 1993. Criminal Zhang did not repent his deeds, and resisted reform during his term of imprisonment. In the early hour of 27 November 1995, he grasped an opportunity to break out of prison and escaped along with Zhang Zhenxing, a criminal serving his term in the same prison (who was dealt with in another case). On that night, the two criminals fled to Hebei's Xianhan village robbing people's houses and raped a woman. Then, Zhang Xianming robbed 1,400 yuan of cash and a Charade car worth 63,000 yuan in Hebei and Shanxi's Yangchuan in the early hour of 6 December 1995 and in the afternoon of 5 February 1996, respectively. The Yangchuan city Intermediate People's Court passed a death sentence and deprivation of political rights for life to Zhang Xianming, who was guilty of robbery, rape, and breaking out of prison, according to the law.

When striking blows, the courts across the province also leniently dealt with those who had merits of taking the initiative in giving themselves up and reporting on the facts of other crimes, aimed at embodying the party's policy of being both strict and lenient. The Taiyuan Intermediate People's Court acquitted robbers Fan Weidong and Gao Xiang and burglar Ye Shugang of criminal punishment and released them on the spot because they had merits of giving themselves away by the limitation of time set by the "circular."

Provincial leaders Zhang Bingfa, Meng Lizheng, Ji Xinfang, and Lu Zhengxi attended the open trial held in Taiyuan.

Agriculture

PRC: Beijing Mayor on Agriculture, Rural Economy

SK2006072996 Beijing BEIJING RIBAO in Chinese
26 May 96 p 1

[FBIS Translated Text] While addressing the meeting attended by responsible persons of remote and suburban districts and counties of Beijing a few days ago, Mayor Li Qiyang stressed the necessity of further emancipating the mind, seeking truth from facts, enhancing morale, doing a solid job, and concentrating major energy on strengthening agriculture and developing rural economy.

Li Qiyang said: The CPC Central Committee has paid extremely high attention to agriculture and rural work and has put the strengthening of agriculture in the first place of the economic work while formulating the "Ninth Five-Year Plan on Economic and Social Development and the Long-Term Objectives of the Year 2010." Since the commencement of reform and opening-up, tremendous achievements have been scored in the agriculture, rural economy, and rural work of suburban areas. In particular, while conducting an inspection tour of Beijing, General Secretary Jiang Zemin especially scheduled a day to inspect the rural areas in Beijing suburbs and gave them some important instructions, thus greatly inspiring the vast number of rural cadres and masses. Under the attention and leadership of the municipal party committee, agriculture and rural economy in Beijing suburbs have continuously developed towards a good direction. It should be clearly noted, however, that Beijing's agriculture and rural work still lags far behind the expectations of the CPC Central Committee and the demand of "changing the economic structure and economic growth pattern." The following are the major indicators: Various professions in rural areas of Beijing suburbs are unable to gear themselves to market demands; production of nonstaple foods has declined due to the hiked prices of means of agricultural production; and township and town enterprises have reached their nadir due to the changing environment of development. In the past winter-spring period, the ravages of drought have continued to spread, thus making it difficult for the people and animals in mountain areas to get enough drinking water. Hence, the important tasks facing us now are to clearly understand the current situation, overcome the existing difficulties, and reverse the situation as soon as possible.

Li Qiyang stressed: We should further emancipate the mind, seek truth from facts, enhance morale, do a solid job, and concentrate major energy on strengthening agriculture and developing economic development. Success in all items of service work must be based on and con-

ditioned by the continuous economic development. Development is the essential criterion; is the fundamental way to resolve the current difficulties and problems; and is the foundation to increase the cohesion of the people, enhance the people's morale, maintain stability, and safeguard the overall situation. To effect an even more rapid progress, we should embrace an energetic, united, and inspired state of mind. Beijing suburbs' work must be centered on economic construction. The good methods that are proven as feasible and identical to Beijing's realities should be upheld and improved continuously. At the same time, we should be positive in making explorations, brave in making innovations, and creative in doing practical work. So long as we unite as one, exert ourselves to make the province prosperous, and do a solid job to overcome difficulties, we will certainly be able to enhance the will of the vast numbers of cadres and the masses in suburban areas and create a new situation in the suburban areas' economic development.

Li Qiyang pointed out: We should give full play to the government functions in guiding, serving, and managing economic work in line with the demand of developing the socialist market economy and the demand of the changing economic structure and economic growth pattern. First, we should renew the ideas, concepts, and thinking mode of leaders and improve their leadership art and work style. We should conscientiously study how to organize and utilize natural resources according to the demand of developing productive forces, how to create a fine, tangible and intangible environment for the development of enterprises, how to improve the work efficiency of the functional departments of leading organs, and how to better serve the grass-roots units. Governments at all levels should truly intensify the consciousness of serving the production and operation of enterprises; strengthen coordination between different departments; reform the operational mechanism of the government in line with the demand of establishing the socialist market economy; and foster the overall point of view and the overall awareness to achieve success in the overall work. Governments should not be allowed to set barriers between different departments, to squabble and pass the buck to each other, to recede responsibility, and to interfere with others' work. Governments should jump out of the small circle of departmental selfishness and establish a new type of relations between departments in which works are clearly divided up and different departments are closely integrated with each other and work in unity so that they can improve their efficiency of administration.

Li Qiyang said: We should deepen the rural reform, gear ourselves toward market changes, and take part in market competition with a positive and active attitude.

Along with the formation of the unified national market and with the increase in the dynamics of opening up, it is not a permanent method for agricultural production and township and town enterprises in suburban areas to rely too much on state protection to seek existence. Township and town enterprises in suburban areas should gradually form, through the in-depth reform, an operational mechanism and management system that are conducive to changing the growth pattern of agriculture and should shift the focus of economic development to depending on the vitality of their own. He pointed out: We should vigorously popularize agricultural science and technology, strive to increase products' content of science and technology, and accelerate the change from traditional agriculture to modernized agriculture. We should expand exchanges and cooperation with overseas areas in line with the demands of domestic and world markets. We should build export-oriented agriculture and attract international and transnational corporations and enterprises to make investment in Beijing in order to help improve the grade and the scale of Beijing's agriculture, help develop Beijing's agriculture in depth and scale, and make the foundation of agriculture even more solid.

PRC: Jilin Governor's Article on Agriculture

SK0206045996 *Changchun JILIN RIBAO in Chinese*
14 May 96 p 2

[Article by Jilin Province Governor Wang Yunkun: "We Should Accelerate the Industrialization of Agriculture, and Promote the Overall Quality of the Rural Economy"]

[FBIS Translated Text] The fifth plenary session of the 14th party Central Committee has made a grand plan for the development of the entire party and all the people in the next five to 15 years. The guiding principle for the "Outline" clearly set forth that "it is imperative to give agriculture top priority in developing the national economy," and it also set forth that "we should actively push forward industrialized management over agriculture," "we should ensure a stable increase of such basic farm products as grains, cotton, and edible oil," and "we should guarantee a fairly fast growth of the peasants' income." Jilin is an important commercial grain base for our country. Being a predominantly agricultural province, Jilin made the greatest contribution to our country in terms of commercial grains. In developing the rural economy, the biggest issue we face now is that we should not only increase production but also income; furthermore, we should not only increase the income of peasants but also the income of local finance. That is, by means of developing agriculture, we can make people rich and make counties and even our

province rich. In deepening reform, we should continue to perfect the good environment of the socialist market economy and Jilin's exceptional resource superiority. The development experiences of some localities prove that it is totally possible to increase the agriculture output and income through further in-depth development of agriculture. Therefore, in the process of carrying out the spirit of the fifth plenary session, the provincial party committee and provincial government set forth the strategy of building Jilin into a province prosper in grain growing, animal husbandry, and farm product processing (with focus on township enterprises), and, furthermore, an agriculturally-powerful province. To fulfill such an inspiring target, we should have effective measures. I think one of the important measures is to push forward the industrialization of agriculture. By industrializing agriculture, we can accelerate the paces of making rural areas rich and modernizing agriculture. Now, I will talk about the industrial management of agriculture.

The industrialization of agriculture is an inevitable result when the development of agriculture comes to a certain historical phase, and it is also the fruit brought about by the deepened rural reform. It reflects the objective requirement for rural economies to be specialized, commercialized, and socialized. The establishment and improvement of our country's socialist market economy provides a favorable external environment for the industrialization of agriculture. Adapting ourselves to the current situation and accelerating the industrialization of agriculture is a very important task to maintain a continuous and healthy development of agriculture and to move forward the modernization of rural areas.

1. We Should Deepen Understanding, and Strengthen the Sense of Urgency To Industrialize Agriculture

The basic meaning of industrialization of agriculture refers to that, we should orient agricultural production and management activities to markets; focus on efficiency; pay particular attention to our advantage in resource industry; and optimize the organization of essential factors for production. We should realize a regional layout, specialized production, application of business management to agriculture, and socialized service, and we should form a production and management mechanism and an economic situation featured by a coordinated development of planting, breeding, and processing, combination of agriculture, science, and education, and integration of trade, industry, and agriculture through the way of using markets to spur leading enterprises, using leading enterprises to promote bases, and using bases to connect peasant households. The industrialization of agriculture is a new way for production and

management that better suits the requirement of developing productive forces under the conditions of a market economy, and it is also an objective outcome from the reform and development of rural areas. We should profoundly learn the practical and long-term meaning of the industrialization of agriculture from the perspective of economic development and social advancement.

A. Agricultural industrialization is the inevitable road for realizing rural modernization. Agricultural industrialization is an important symbol of the progress of economic and social development and is the overture or the prelude of economic and social development. Under the market economic conditions, promoting rural modernization through industrializing agriculture is a successful road verified at home and abroad. None of the foreign agriculturally developed countries has ignored the practice of developing the rural economy in line with the pattern of industrialization, such as the agricultural integration of the United States, the agricultural socialized service of Japan with the agricultural association as the mainstay, and the agricultural union of France. China has also achieved positive results in organizing and developing the rural economy in line with the industrialization pattern during recent years. Some major grain producing counties in the province have paid close attention to grain, particularly the advantage of corn, acted in line with the general law and the basic ideology for the industrialized development of the world's corn development zone, brought along the development of animal husbandry, food and medicine industries through converting and processing the products with foreign technology, and promote the pace of urbanizing the rural areas. The province has initially built 100 small industrial and foreign trade areas focusing on the conversion of agricultural and animal by-products. These small areas' agricultural and animal by-product processing industrial output value, profits and taxes have already accounted for nearly one-fifth of the total output value, profits and taxes of township enterprises, thus they have played an increasingly strong influential role in bringing along the development of economic and social development of the neighboring villages. Last year, the agricultural and animal by-product processing industrial output value of the big agricultural city of Yushu accounted for 61.8 percent of the city's total industrial output value. Practice shows that agricultural industrialization is not only an important way of developing the rural economy but is also a road we must follow in realizing rural modernization. Through the form of industrialization, we should turn the agricultural resources advantage into economic advantage, link the decentralized small-scale production with the international and domestic big markets, give simultaneous consideration to rural development and urban construction, break with

the practice of separating rural development with urban construction, and make use of the technologies, personnel, funds, materials, equipment and other essential production factors of urban enterprises to develop agriculture, build the rural areas, and accelerate the progress of urban and rural integration.

B. Accelerating agricultural industrialization is the internal demand of developing the market economy. The rural economy is an important component of China's socialist market economy, shouldering the two targets of increasing the supply of essential goods on the market and increasing the peasants' income. Under the planned economic system, production, purchase, and sales were all proceeded in line with plan, and the risks taken by peasants were very small. Nowadays, we have carried out the market economy and have to be guided by market demands. Peasants have to take not only natural risks but also the sudden and changeable market risks. This dual pressure urgently requires the agricultural sector to upgrade its organizational production standard and to effectively prevent and dissolve this dual pressure. Therefore, developing the rural economy in line with the demand of industrialization has become an objective necessity. Through the mutual relations of various industries and by combining resources allocation with industrial development, business activities and market volume, and relying on interests to link enterprises with peasant households and production with the market, we will be able to effectively overcome the practical problems of blindness in production, disconnection between production and marketing, rise and fall in production and fluctuation in efficiency, so as to maintain a sustained and sound agricultural development. The periodic surplus of farm products in the past, the stockpiles caused by irrational product structure, and the difficulty in the sales of products during a season were actually caused by a lack of internal ties among industries. At present, rural development has already entered the new stage of large-scale commodity production, and market competition has become increasingly acute. Owing to the long production period, agriculture is always in a passive position during competition. Only by implementing industrialized production, enhancing the industrial organizational standard, strengthening the mutual relations and mutual complement among industries, and turning them into an entity of interest to jointly share risks, can the agricultural sector enhance the ability to resist fluctuation and strengthen the ability in market competition. The more perfect the economy is, the closer the industrial relations and the higher the organizational standard should be. Meanwhile, agricultural industrialization is also an important means to effectively realize the government control targets. Through industrialization, we may pool the advantages of groups of in-

dustries, scientifically and rationally allocate resources, and achieve the greatest economic efficiency.

C. The opportunity of accelerating the tempo of agricultural industrialization has arisen. The setup of the socialist market economic system has given a great impetus to the industrialization of agriculture. Both the enterprises and the peasant households, as well as the production, processing, and circulation spheres, have full space for free selections. And they are also encouraged to appropriately adopt various production and management forms to unrestrictedly make explorations and creation so long as the forms they apply suit the development of the economy and productive forces. Over the past two years, the external environment for agricultural development has been very favorable. The central authorities successively held three rural work conferences within two years. All levels of party committees and governments have put agriculture and rural work in the primary position and placed the industrialization of agriculture on their key work agendas. As a result, the market economy has been developing vigorously in the rural areas, the number of farm products supplied on markets has noticeably increased, and a comparatively solid material foundation for industrializing agriculture has taken shape. Despite the extraordinarily serious floods and waterlogging and the drought disasters last year, our province still witnessed an overall increase in the output of farm products, particularly grain, thanks to the implementation of various forceful measures. The grain output totaled 40.15 billion kilograms, the third peak year in history. The peasants' per capita net income was 1,609 yuan. When price hikes were factored, the real increase was 6.5 percent. Models surfacing from successfully industrializing agriculture have emerged in the province. Over the past three years, the Jilin Deda Corporation, engaged in the processing of table chickens, has made gigantic achievements by applying the "company-plus-peasant household" development pattern. In the past three years, the corporation quadrupled both its management scale and economic results. Now, this corporation has possessed a scale of raising and processing 50 million table chickens and a capacity of processing 300,000 tonnes of corn and 300,000 tonnes of soybeans; and arranged jobs for nearly 15,000 surplus rural laborers in five neighboring counties and cities. The number of households each creating more than 10,000 yuan in net income yearly exceeds 1,300, and this corporation can help increase the peasants' income by 40 million yuan. In 1995, the corporation's annual output value surpassed 1.5 billion yuan, its profits and taxes exceeded 80 million yuan, and its foreign exchange earnings reached more than \$60 million. It is an example for agricultural industrialization, a model in helping the rural areas seek moderate prosperity, an

orientation for developing the rural economy in the future. All these are extremely favorable conditions for promoting the agricultural industrialization. To this end, we should clarify our understanding, enhance a sense of responsibility and a sense of urgency, and grasp the opportune moment to develop agriculture along with the orientation of industrialization.

2. We Should Define Ideas and Set Up a New Pattern for Developing the Rural Economy

The general ideas governing the development of the rural economy in the foreseeable future are as follows: Persistently take markets as an orientation and rely on natural resources to realize the goal of increasing the markets' effective supply and the peasants' income; combine agriculture with science and education and with trade and industry; make the primary, secondary, and tertiary industries closely related to one another; and develop agriculture in line with the path of industrialization. By industrializing agriculture, we should promote the readjustment of the rural economic structure, the in-depth development of agricultural resources, the rapid transfer of surplus rural laborers, and the development of the export-oriented economy in the rural areas.

First, scientifically distribute natural resources and develop leading industries. Proceeding from actual conditions to develop leading industries is a prerequisite for promoting the industrialization of agriculture. Persistently taking advantage of local resources, gradually developing the leading industries with local characteristics, and promoting the development of the regional economy are key steps for promoting the industrialization of agriculture. As far as Jilin is concerned, the central areas, with fertile land and sufficient rainfalls, have become the state's key commodity grain production base. At the time of continuing to positively develop grain production, we should make good use of our grain to develop animal husbandry, a diversified economy, and the processing of farm and livestock products so as to turn our superiority in grain into that in animal husbandry and the food industry; to coordinately develop grain and livestock production, a diversified economy, and enterprises; and to realize a favorable cycle of agricultural development. At the time of keeping their superiority in ginseng and pilose antlers, the mountainous areas and the mountain slopes in the eastern areas of the province should use their abundant mountain and forest resources to create famous-brand, special, high-quality, new products; and to develop as soon as possible new leading industries, such as raising forest frogs, growing vegetables and edible mushrooms, and planting medical herbs. The western areas should expand the dynamics of comprehensively developing agriculture; accelerate

the transformation of low- and middle-yielding farmland; develop water resources; develop agriculture, animal husbandry, and fishery; and set up grain, livestock, fish, and cash crop production bases.

Second, we should support leading enterprises with great efforts, and develop the "coordinated economy." The coordinated economy is an important organization form of the industrialization of agriculture; a means to bring agriculture and peasants into markets; and also a reform and innovation of the management system of the rural economy. To develop the coordinated economy, the important thing is to achieve success in building leading enterprises. With the function of leading enterprises, we can link scattered production of innumerable households with unified markets so to effectively resolve the contradiction between production and circulation and between production and markets. Leading enterprises' economic strength and their ability to spur other enterprises play a decisive role in the progress of the industrialization of agriculture. A strong leading enterprise can make one or several industries prosper and make local peasants rich. To build leading enterprises, we should base ourselves on our own resources. In terms of Jilin, it means to give particular attention to leading enterprises engaging in fine processing of corn, animal products, and the products made of ginseng and pilose antler. In consideration of giving full scope to the advantage of resources, we should achieve success in the undertaking of fine processing of corn. Corn is a health food, the king of feed, and also an important material for light and chemical industry. The Jilin Province Agricultural Development Group Company is a successful leading food processing enterprise. After working hard for a few years, it has turned out to be an enterprise with the ability to process and transform 600,000 tonnes of corn. Furthermore, it signed a co-funded project with France to fine process 300,000 tonnes of corn last year, and it can form a production scale of fine processing more than 1 million tonnes of corn and yield an output value topping 6 billion yuan by the turn of the century. We should draw lessons from the experiences of the Jilin Deda Company, and achieve success in the project of processing a million tonnes of corn and the building of the 12 undertakings of animal husbandry industry (such as beef cattle, mutton sheep, pigs, geese, and deer). The industrial enterprises and township enterprises with poor efficiency should be transformed with advanced technology into enterprises processing farm and animal products with good quality, and at last turn them into leading enterprises capable of promoting other enterprises. With unremitting efforts of many years, our enterprises with notable superiority in resources, conspicuous superiority in management, and stable superiority in production can be promoted by a corresponding

number of leading enterprises, and thereby a situation can be formed in which production, purchasing, processing, and marketing are integrated. Great efforts should be made to cultivate leading circulation enterprises, and support the development of commercial and trade organizations of all kinds. In purchasing and marketing farm products, we should establish a purchasing-marketing contract system, coordinated management system, agent system, and system of returning profits. It is imperative to realize coordinated development of production, processing, and marketing, and coordinated development of trade, industry, and agriculture by using leading enterprises to promote bases and using bases to link peasant households.

Third, we should orient to market demands and expand the scale of production so to form bases. Only a large scale can produce efficiency and popularity. In a certain sense, failure to achieve a large scale will lead to a poor marketing, lack of competition ability, and poor economic efficiency. Only with a fairly high specialized and mass production level can we create conditions for serialized processing. Under the current condition that productive forces of rural areas are not yet high, the scattered agricultural production cannot yet be changed, and the labor for agriculture still cannot be transferred in great amounts, we can only adopt these basic patterns so to achieve a reasonable scale of agricultural production.

a. We can build commercial production bases of collectives. The main theme of this pattern is that every household engage itself in production and then link with each other to form a larger scale. They should ally together to find markets or form wholesale markets at wherever they are. The emerging prospering pig-raising townships, vegetable-growing villages, and strawberry villages in all localities are prototypes of this pattern.

b. We can promote scaled production and form bases through encouraging prosperous households to engage in specialized trades. We should cultivate a number of "pig kings," "cattle kings," "geese kings," "sheep kings," "deer kings," "fruit kings," and "vegetable kings." By them playing an exemplary role, neighboring households' imitation, and dissemination of their skills, we can mobilize the peasant households and form a fairly large production scale.

c. We can start from urging households to engage in several kinds of production and then transit to devoting to a specialized production. We should grasp the favorable opportunity of industrializing and urbanizing rural areas to encourage peasant households to engage in several kinds of trades while focusing on farming, and then gradually increases the proportion of households which take farming as a minor trade. With the

development of the economy and the expansion of the scale of management, many peasant households will inevitably turn from holding concurrent trades to engaging in specialized trades, and perform their assigned jobs in a specialized trade and scaled production.

Fourth, we should follow the industrialization mechanism to build an integrated industrial group. The substantial quality of industrialization is to integrate production and management. We can effectively link small-sized production with large-scale markets through focusing on superior and leading industries, following the principle of integrating production, supplying, and marketing, integrating planting, breeding, and processing, integrating agriculture, science, and education, and integrating domestic and foreign trades, and establish industrial groups. In the group, all kinds of essential factors for production should reasonably flow without regional blockades, and this will enhance the realization of the ideal that human, land, and material resources should be used to the best advantage. This is another important organization form for moving forward the industrialization of agriculture. Following the state's requirement of "commercialize grains, and orienting management to markets," we can organize grain groups, enliven the grain business, increase the management efficiency of grains, and make contributions to the stability of the general situation and provide more commodity grains to the state. In addition, we should organize the pioneering science-intensive seed groups which integrate special researches on cultivating seeds, seed production, processing, dissemination, and management. By so doing, we can specialize, regionalize, group, and industrialize seed production, and stabilize and control seed markets of our province. Ginseng, as the top of the three precious resources of our province, has gained good prospects in markets after years of hardship, and it is imperative to achieve success in building ginseng groups. We should insist on taking the state-owned ginseng business as the mainstay and integrate science, industry, and trade as well as integrate production, processing, and marketing; coexist with other economies of different ownerships; and remove regional and trade blockades. We should amass the advantages of forming groups of enterprises, expand the scale of production, promote management efficiency, and consolidate and strengthen our superiority in the ginseng industry.

Fifth, we should accelerate the building of small towns so to move forward the integration of rural and urban areas. Small towns are the forerunners of the industrialization and urbanization of rural areas, and they also play a supporting role in the drive for industrializing agriculture. To accelerate the building of small towns is conducive to developing township enterprises, transfer-

ring surplus rural laborers, narrowing the gap between urban and rural areas, and enhancing a coordinated development of the primary, secondary, and tertiary industries. In recent years, Jilin has achieved initial results in building 100 industrial and trade mini zones, which were planned and developed by towns, and Jilin also made significant progress in conducting comprehensive reforms on a trial basis on "10 powerful towns." In the next step, we should integrate the building of small towns with the development of township enterprises and with the building of mini zones for industry and trade, commerce, and tourism, so we can promote small towns with the development of mini zones. We should sum up and disseminate the reform experiences of the "10 powerful towns," concentrate our efforts, provide more support, form another batch of economically powerful towns, and strive to make most of the small towns in our province economically powerful towns or satellite towns by the turn of the century. The reform of small towns should be deepened, and the problems which specifically influence the development of small towns should be resolved such as household registration and difficulties to find places for running business and housing. Further improvement should be made on preferential policies so to attract state-owned enterprises and surplus personnel in urban areas to establish industries and to engage in the tertiary industry in small towns.

3. We Should Meticulously Organize To Ensure an Effective Industrialization of Agriculture

To move forward the industrialization of agriculture involves many aspects of the economic system reform of urban and rural areas. It affects many sectors, and it is greatly policy-related. Governments at all levels should devote themselves to its study, reinforce organization and coordination, and achieve success in macroeconomic regulation and control.

a. We should take the whole situation into account and plan accordingly. In practical work, we should do a good job in handling four kinds of relationship: First, we should achieve success in handling the relationship between increasing the momentum of industrializing agriculture and protecting resources. Resource superiority is the foundation for forming industrial superiority. Under the condition of market economy, to push forward the industrialization of agriculture needs the redistribution of economic resources. We should combine the interests at the moment and interests in the long run, attach equal importance to exploration and protection, and protect resources to the greatest extent and make lasting use of resources. Second, we should well handle the relationship between market orientation and macrocontrol. The socialist market economy is by no means a free, laissez-

faire economy but a market economy under government control. Particularly, in the economic restructuring period characterized by immature markets and imperfect competition rules, we must rely on the governments' macrocontrol to correct irregularities and deviations in market operations, to regulate the unreasonable tendencies surfacing from the distribution of natural resources, and to do the things we cannot do when we only rely on the market mechanism. Industrialized agriculture is a kind of economic sector which takes shape slowly in the initial stage of developing the market economy. So, the governments should organize forces to guide and promote the industrialization of agriculture. It is certain that such a kind of guidance is not a simple administrative means, but involves more economic policies, economic laws, and economic levers. So, in the course of industrialization, we should coordinate the macrocontrol with market guidances. At the time of giving full scope to markets' influential functions, we should strengthen macrocontrol and ensure an effective progress of industrialization. Third, we should well handle the relationship between the readjustment of the industrial structure with the development of leading industries. The large proportion of the primary industry and the secondary and tertiary industrial stagnation are prominent problems affecting the development of the rural economy. To develop leading industries does not mean to blindly increase the proportion of the primary industry, but to upgrade the quality of the primary industry, to increase labor productivity and products' marketing rate, and to provide a foundation for developing the second and tertiary industries. The focal points of readjusting the industrial structure are to develop the secondary and tertiary industries, to possess a reasonable processing and transformation capability, and to set up organizations for the management of markets. Fourth, we should well handle the relationship between the overall industrialization of agriculture and the utilization of actual conditions. Since localities are not even in terms of development and are quite different in terms of natural conditions, humane conditions, and economic strength, we should proceed from different actual conditions to give different instructions to different localities in the course of industrializing agriculture. In the course of industrialization, we should work steadily and prudently and avoid making blind competition or rushing headlong into mass action. We should seek the truth from facts, stress real results, and select the patterns and operation forms suitable to our localities. Fifth, we should well handle the relationship between accumulation and consumption. We should have the necessary capital in order to expand the production scale. So, the rural areas should advocate diligence, thrift, and arduous struggle

in an effort to concentrate increasingly more capital on production.

b. We should scientifically formulate plans and implement them step by step. Industrializing agriculture is a system engineering and needs scientific plans, guidances, and operations. We should proceed from actual local conditions to formulate plans. The rural economy has been developing rapidly over the past years. So, great changes have taken place in some economically strong counties and townships. So, we should understand and grasp the new situation. Seeking moderate wealth is China's target for developing agriculture at the current stage when the industrialization is a great matter of long-term importance to developing the rural economy. The realization of the target of seeking moderate wealth should be promoted by the industrialization of agriculture. Simultaneously, the industrialization of agriculture is an important content of seeking moderate wealth. So, we must coordinate the pursuit of moderate wealth with the industrialization of agriculture. Plans must be serviceable. Industrializing the agriculture is a long-term, arduous task which should be realized step by step. We should avoid by all means practicing formalism in the course of industrialization. At present, we should pay attention to making a good start.

c. We should perfect mechanisms and set up a guarantee system. It is a matter of top priority to work out and perfect policies and to set up effective operational mechanisms. We should proceed from actual conditions, set up and perfect a mechanism for transfer of land on a contracted basis. According to policies, the localities where conditions permit are allowed to transfer land to the peasants and to develop farmland on a large scale. It is necessary to set up a venture capital system and a system of returning parts of profits to the peasants. That is, funds should be collected from the production, processing, and management spheres and especially be used to stabilize market prices in the course of industrialization, and parts of profits from processing and management spheres should be returned to the peasants for production use. It is necessary to set up a system that the peasants have guarantees under laws and regulations and to set up a mechanism to effectively restrict the peasants. The departments under the governments should act as good advisers and assistance to the governments, actively establish contacts between enterprises and the peasant households, coordinately serve them, and jointly fight for promoting the industrialization of agriculture, increasing agricultural production and the peasants' income, and making the people and the province rich. room for optimism. The current hidden problems and concerns have a deep-rooted cause: The relevant systems can no longer keep up with the rapid development

of the market economy and urgently await thorough reform.

Bumper Harvest Sends Signal To Curb Production

Grain prices have stalled ever since the bumper harvest last fall. In many localities, agricultural products are not selling; the problem is especially serious with corn and rice.

Experts believe that there is a corn shortfall of 5 million tons in the most current grain year, but since corn hit the market last fall, nobody has gone to the major corn producing areas in the northeast to transport and sell corn. The grain department barely managed to fulfill its fixed quota purchase, and basically there has been no large-volume negotiated purchase since. Currently, the price of corn in the northeast grain market is still under 5 mao [0.50 yuan] a jin; in Heilongjiang, the unit price of corn is around 0.47 yuan a jin; in Jilin, it is around 0.45 yuan a jin. It is estimated that the peasants in the northeast have around 20 billion jin of corn in their hands.

On the one hand, because the grain department has spent a fairly large sum of money on grain procurement and is not recovering enough money from its transfer and sales, and at the current price level, even if it wants to recover the money, it is a matter of "the spirit is willing but the flesh is weak." On the other hand, as far as the peasants are concerned, seeing the great disparity between this year's and last year's prices, there is little money to be made to sell now. In addition, the State Council has decided to raise the procurement price for new crop hitting the market this year, and this gives the peasants hope. They believe that grain prices will go up. Local peasants are stepping up efforts to air dry their corn; the moisture content has basically dropped to a safe level.

The rice problem appears mainly in the south. Reportedly, the nation's rice production increased by 10 million tons last year, and this was mainly due to the early crop of long-grained rice in the south. Experts estimate that there is a shortfall of about 2 million tons of round-grained rice up north and a surplus of around 5 million tons of long-grained rice down south. Demand exceeds supply in the north, and there is excess supply in the south. This is a regional supply-demand conflict, and there is also a problem with the poor variety mix.

The transfer and sales of cotton has many problems too. There are still around 3 million dan of cotton in Hunan, Hubei, and Anhui waiting to be sold. Meanwhile, in Xinjiang and other provinces and regions where cotton procurement has basically been completed, large quantities of cotton are stockpiled in the procurement

department's warehouses waiting to be moved out. Cotton and textile enterprises everywhere are not buying cotton from the supply and marketing cooperative system; they are taking cheaper imported cotton instead. Cotton sales is depressed, and in addition, the cotton and textile enterprises are in a slump; effective demand has plummeted.

The peasants complain about the cotton procurement department's attempt to downgrade their cotton to cut price. But the latter explains that efforts to upgrade and raise the price of cotton in the year before last had resulted in the lowering of procurement standards, and since last year, they have gone back to regular standards, which the peasants mistook for attempts to downgrade and cut prices. But judging by the actual situation, since the State Council decided to raise the cotton procurement price by about 30 percent, because of the "downgrading and price-cutting," there has been no increase in the peasants' real income.

Oil-bearing crops had an unprecedented bumper harvest last year; output increased 13.1 percent over the previous year's, and in particular, rapeseed production increased 30.2 percent. But we also imported a large amount of vegetable oil last year, and they were competing with domestic products. In some localities, rapeseed price fell to below 2 yuan a kg. This will have a very adverse effect on oil production this year.

We had a bumper sugar crop last year, and we also had large quantities of imported sugar and smuggled sugar, and so domestic sugar stockpiled; the production enterprises were unable to move or sell their goods. Sugarcane production increased 5.7 percent, and sugar beet production increased 8.5 percent; meanwhile, sugarcane price fell sharply — the procurement price fell by 100 yuan a ton. In the northeast, large sums of payment for sugar beet procurement were in default. In the south, many sugar refineries went out of business or were forced to shut down.

The silkworm cocoon market has been depressed since last year's price war. At its lowest, cocoon price fell to more than 200 yuan a dan. It is estimated that the silkworm raisers threw out 15 percent of the summer cocoons and 20 percent of the late fall cocoons last year; they are still cutting down mulberry trees today.

With respect to the livestock industry, the price of hogs has been falling, and in Sichuan, a major hog-raising province, hog price has fallen repeatedly, and the pork-to-feed price ratio hovered at 1:3; there is no more profit to be made in raising hogs. The live-hog price has continued to drop so far this year and has brought down the price of piglets, and the peasants have no incentive to replenish their stock. The Ministry of Agriculture's

livestock specialists believe that livestock product prices are very likely to surge in the fourth quarter of this year.

But there is an unusual phenomenon this year: While corn price is low up north, feed price is firm down south; the macro management department has not exercised administrative intervention or imposed regulation and control.

Linking Foreign and Domestic Agricultural Products Markets Is a Major Problem

The major deep-seated problems undermining and limiting the healthy development of China's agriculture are: first, the foreign and domestic markets cannot be utilized or linked together effectively because production, circulation, and foreign and domestic trades are disjointed; second, the agricultural product circulation system has not been smoothed out, which often hinders buying and selling; and last, the departments and localities are bent on protecting their own interests, which prevents timely and effective exercise of macro regulation and control.

With respect to linking foreign and domestic markets, last year, China had bumper grain, cotton, oil crop, and sugar crop harvests, but we also imported large amounts of similar products; as a result, domestic and foreign products were "at loggerheads." Customs statistics show across-the-board increases in the import of agricultural products, with the import of grain, cotton, oil, sugar and other essential goods increasing the most. Specifically, we imported 20.40 million tons of grains and grain flour, a net increase of 1.2 fold, and after subtracting our own export of 640,000 tons, our net import last year came to 19.76 million tons; we imported 3.53 million tons of edible vegetable oil (domestic production increased 2.60 million tons last year), an increase of 14.6 percent; we imported 740,000 tons of raw cotton (cotton production increased 160,000 tons last year), an increase of 47.5 percent; we imported 2.95 million tons of edible sugar (domestic production fell by 250,000 tons), an increase of 90.3 percent, and adding the huge quantities of smuggled sugar last year, they greatly eroded the domestic market.

It is learned that, in 1993, China exported 13.27 million tons, and imported 7.33 million tons, of grains and grain flour, and in 1994, we exported 11.04 million tons and imported 9.04 million tons; the two years' net export came to 7.94 million. In particular, despite the fact that domestic food production fell fairly drastically in those same years, we continued to export large amounts of grain, which greatly exacerbated the domestic market situation. As a result, food supply was tight in 1995, especially in the first half of the year; prices soared, and in order to contain prices in the market, the state restricted grain export and increased import. But this is

puzzling: Supposedly, when we determine the amount and the varieties of import, we should consider the impact of the law of value on domestic production. When domestic prices rise, domestic producers will increase planting area and output in response to the price signal. In a normal year, this will result in a bumper harvest, which will greatly relieve the supply-demand conflict in the domestic market. Concurrently, we should reduce imports and put the imported agricultural products into strategic reserve to keep domestic and foreign products from "locking horns" and crowd the domestic products' market. After a bumper harvest of domestic agricultural products, we should readjust the quantity of import; because China has substantial impact on the international agricultural products markets, international prices will be relatively low at such times, and we can take the opportunity to import and regulate the supply shortfall at home and stock up our reserve at the same time. To this end, the state should set up an agricultural products market warning system to promptly readjust domestic and foreign trade and link the two markets properly. Experts also suggest building an overseas agricultural products base and storage system to ship back large amounts of grain when the domestic market is tight, and when domestic supply recovers, we can get into the international spot and futures markets.

The grain procurement fund is earmarked for special use; a closed-circulation method is adopted. In 1994, People's Bank of China discovered large amounts of money had been diverted to other uses, and last year, it stepped up the special management of its agricultural procurement fund. Although grain procurement fund is basically guaranteed, because large amounts of money were diverted earlier and some have been turned into "concrete mix" and can no longer be recovered, and adding that retrieving money from transfer and sales is a problem, therefore money for negotiated procurements is in short supply, which will have an adverse impact on future agricultural product procurement.

Although as a result of the restructuring of the agricultural products circulation system, grain management is separated into two lines, in fact, they are two operations run by the same people; it is difficult to distinguish policy-based and business-oriented operations. But the greatest problem is still the future of the 3.60 million or so people in the grain system. To drastically restructure the grain circulation system, the livelihood of these people will be jeopardized, and they cannot be replaced completely at the present time anyway, and in addition, there is serious risk with market turbulence. But experts point out that it takes 18 to 30 billion yuan a year to keep the present grain system working, and if we also take into consideration the higher benefits

the system pays, the system has to make 30 to 40 billion yuan of profit each year to keep going. This money must be earned from the producers and the consumers. This means either we cut the price of grain paid to the peasants, or we jack up the price of grain paid by the urban consumers. Experts believe that the restructuring of the agricultural products circulation system should stress the following: We should accelerate the pace of channeling the workers in the grain system to other areas; we should gradually open up some storage facilities to society to serve special functions (for example, warehouses can be let to nonstate-owned departments to make them more competitive while forcing the state grain department to improve management); we should truly separate policy-based and business-oriented operations and prohibit people from taking advantage of the loophole between the two. In addition, in some cities such as Shanghai, we can bring in nonstate-owned grain management channels, such as the reclamation of farmland, and start some competitive experimental management points.

This Year's Bumper Grain Harvest Warns of Next Year's Slump

According to an opinion poll taken by the State Statistical Bureau, the peasant households intend to increase grain planting area by 1 percent this year; the total planting area will exceed 1.65 billion mu. Comrades in the Ministry of Agriculture's Information Center worked out that, barring major natural disasters, grain production will be ample this year. But if we analyze the present situation, the peasants have substantial amounts of grain in their hands, and if there is another bumper crop this year, the peasants will have even more commercial grain to sell. But after the state grain department tries its best to guarantee completion of its fixed grain procurement quotas, it may have little money to buy more commercial grain at negotiated prices, or perhaps the peasant will not be willing to sell if the price is not high enough. In other words, about half of the commercial grain will have to be sold in the market. Because of slow reform of the grain circulation system, it is very possible that grains will be "hard to sell" again, and large amounts will be stockpiled in the peasants' homes. Their most realistic choice will be to reduce production of grains that will not bring them additional profit and increase production of other cash crops, or find work elsewhere. Thus, it is very possible that if there is a grain problem, it will be a grain circulation problem in the fall of this year, and next year, things will "go downhill."

Agricultural experts and others believe that the agricultural production cycle is fairly long and the problems

are not created in a day or two; once the problems appear, it will take two to three years or even longer to correct and turn things around, and once the agricultural sector goes downhill, it will take three to four years to recover. Agricultural slump not only affects the rural economy and the peasants' income, but also adversely affects the industrial good markets and the entire national economy.

***PRC: Study Group Views Cotton Production**

96CE0228A Beijing NONGYE JINGJI WENTI
[PROBLEMS OF AGRICULTURAL ECONOMY]
in Chinese 23 Feb 96 No 2, pp 32-37

[Article by Study Group on Cotton Production Fluctuations of Rural Research Center under the Ministry of Agriculture with research led by Miao Jianping (4924 1696 1627); writers Miao Jianping, Ou Weizhong (2962 4850 0022), and Zheng Yougui (6774 2589 6311); and responsible editor Liu Fengyan (0491 7685 1750): "Research on Fluctuations in Cotton Production"]

[FBIS Translated Text] Since the founding of the People's Republic, cotton production has scaled new heights, one after another, contributing significantly to the development of the national economy. Our cotton production hit a record high in 1984. Then, in 1991 came another historical year marked by a high output of cotton. Nationwide production figures in those two years were 13.1 times and 11.8 times higher than the 1949 record. During the 45 years [since 1949], however, our increase in cotton production was not linear; instead, it was a process of tortuous development, in which the most notable problem was big fluctuations in output. As such, the supply-versus-demand situation was sometimes relaxed and at other times strained, seriously affecting the development of the textile industry and even the entire national economy. It is, therefore, essential to study and make clear the characteristics of fluctuations in cotton production as well as the reasons for fluctuations. Earnest efforts should be made to sum up experiences and draw lessons in this respect and to take effective measures to deal with the question. This is of vital importance in steadily developing our cotton production, ensuring the effective supply of this commodity, and sustaining the development of our national economy.

I. Periodicity and Other Characteristics of Fluctuations in Cotton Production

China's cotton production is noted for frequent changes in annual output. First of all, let us study the fluctuations in cotton output by looking into the ups and downs in annual output. A review of changes in cotton production during the 45-year period shows that there were roughly

four big periodic fluctuations (see Table 1). The first one occurred in the 13 years from 1949 to 1962, the second in the 15 years from 1962 to 1977, the third in the nine years from 1977 to 1986, and the last in the

seven years from 1986 to 1993. In 1994, our country's cotton production began to pick up, rebounding from rock bottom and entering a new period of growth.

Table 1. Four Big Periodic Fluctuations in Cotton Production (unit: 10,000 tons)

Period	Initial Output		Peak Output			Lowest Output		
	Year	Output	Year	Output	Increase Over Initial Output(%)	Year	Output	Increase Over Peak Output (%)
1949-1962	1949	44.4	1958	196.9	343.5	1962	75	-61.9
1962-1977	1962	75	1973	256.2	241.6	1977	204.9	-20
1977-1986	1977	204.9	1984	625.8	205.4	1986	354	-43.4
1986-1993	1986	354	1991	567.5	60.3	1993	373.9	-34.1

Cotton production has its own characteristics. On the one hand, it is a process of natural reproduction. This process requires a long production period and involves great natural risks with a high possibility of damage by natural disasters. On the other hand, it is an economic reproduction process, which produces a high percentage of marketable output but is very sensitive to changes in market conditions and government policies. Affected by numerous factors, fluctuations in cotton production have exhibited the following characteristics:

(1) Decline in annual cotton output occurred frequently. Of the 45 years in question, there were 20 years when China's annual cotton output was lower than that of the preceding year. This was 44 percent of the total number of years. That is, years of declined production appeared at intervals of 2.25 years on average. Since 1985, fluctuations in output had occurred more frequently. During the 10 years between 1984 and 1994, there were six years when production dropped. In other words, 60 percent of these 10 years were declined-production years, exceeding the 44 percent registered for 1950-1994 by 16 percentage points.

(2) Ups and downs were of great magnitude, far exceeding the normal range of fluctuations. During 1950-1994, the maximum gap between the highest and lowest output was 97.8 percentage points. In terms of fluctuations between successive years, fluctuations of more than 10 percent occurred on 28 occasions, those of more than 20 percent occurred on 18 occasions, and those exceeding 30 percent occurred on nine occasions. Compared with this, our decline in grain production between successive years was of a smaller magnitude, gen-

erally less than 10 percent. Fluctuations in worldwide cotton production were approximately 10 percent, far below the magnitude of fluctuations that China experienced. Since 1985, the magnitude of fluctuations in China's cotton output had continued to surge. Of the 10 years from 1984 to 1994, eight years saw a more than 10 percent change in cotton output from the preceding year, accounting for 80 percent of the total number of years of this period. This was 18 percentage points higher than the 62 percent registered for the above-mentioned 45 years. During the same 10-year period, only two years witnessed a more than 5 percent fluctuation in our grain output, while there were only four years when the world's cotton production fluctuated more than 10 percent. If China's cotton production is excluded from the statistics, there were only two years when cotton production in the world showed fluctuations. As can be seen from the above, the magnitude of fluctuations in China's cotton output not only is much greater than fluctuations in its grain production, but also far exceeded the cotton output fluctuations experienced by other cotton-producing countries in the world.

(3) Cotton production dropped quickly and showed a strong tendency to decline year after year. During the 45 years, downside in production for one year occurred on two occasions — or in other words, two years witness such a downside, accounting for 10 percent of the 20 years when there was a decline in output. There were five occasions when downside in production continued for two years. This means that altogether there were 10 such downside years, which accounted for 50 percent of the number of years with a decline in output. There were two occasions when downside in production continued

for four years. That is, eight years were involved in such downslide in production, or 40 percent of the number of declined-output years. The above shows that decline in cotton production usually continued for two years or more, and the losses it caused were considerable.

(4) After each downslide in cotton production, it took a long time for output to pick up again. After each downslide in cotton production, it usually took three or more years for output to rebound from the rock bottom to the highest level before the downslide. For instance, such rebounds took three years from 1962 to 1965, four years from 1969 to 1973, three years from 1977 to 1980, and five years from 1986 to 1991 (in fact, as of 1991 cotton output had not been restored to the 1984 level).

(5) Fluctuations in cotton production show a high degree of synchronism nationwide. China has many cotton-producing areas, which may be subject to natural disasters on different occasions. Because of this, a certain degree of difference exists between different cotton-producing areas as far as increase or decrease in output is concerned. But since we are implementing a unified production and sales policy, fluctuations in output caused by the policy often occurred at the same time in all major cotton-producing areas throughout the country. The most typical example was the drastic downslide in output in the three major cotton-producing areas of the Changjiang and Huanghe Valleys and Xinjiang in 1985 when the state made a drastic adjustment of its cotton production and sales policy.

From the above characteristics of our cotton production, we can arrive at this understanding: China's cotton production has not been lifted out of the state of big ups and downs. When a downslide in output has occurred, it costs a big price and takes a long time for output to pick up again. In view of this, we must look squarely at the question of fluctuations in cotton output and take effective measures to solve it to ensure the sustained and stable production of this commodity.

II. Lessons From Experiences in Fluctuations in Cotton Production

A look at cotton production over the 45 years reveals roughly four stages of progress. The first stage was the steady, rapid expansion of 1949 to 1958, when cotton output increased 3.43 times, from 444,000 tons in 1949 to 1.969 million tons in 1958. Annual growth during this period averaged 18 percent, and annual output over the 10 years averaged 1.218 million tons. The second stage was the stagnant and setback performance of 1959 to 1979. Twists and turns came frequently during this period, with 11 years seeing production drops. Twice during this period, cotton production suffered four straight years of downslide. Annual output over

these 20 years averaged 1.92 million tons. The third stage was the steady, rapid expansion of 1979 to 1984, when cotton output rose 1.84 times from 2.207 million tons in 1978 to a historic high of 6.258 million tons in 1984. Annual growth during this period averaged 23.2 percent, and annual output during the six years averaged 3.73 million tons. The fourth stage was another period of stagnant and setback years from 1985 to 1994, with six years seeing production drops. Annual output over these 10 years averaged 4.25 million tons. During these four stages — except for the fact that the highest-yield year's output in the fourth stage (1991) was lower than the highest-yield year's output in the third stage (1984) — both the average yearly output and highest-year output in each stage was better than the preceding stage. This shows there was progress with each successive stage, and, with each successive stage, any fluctuations there were also took place within a higher range of output.

The steady, rapid expansion of cotton production and the stagnant and setback pattern of cotton production resulted from different historical conditions: The steady, rapid expansion during 1950-1958 was the result of price policies and premiums-for-sale policies, which stirred up farmers' enthusiasm about cotton production. The stagnancy and setbacks between 1959 and 1978 happened because the rural people's commune system and the state monopoly system for cotton procurement, as well as the price and grain rationing policies, restricted the growth of cotton production. The steady, rapid growth between 1979 and 1984 was the result of a series of reforms, such as the abolition of the rural people's commune system, which liberated and developed rural productive forces, plus the price policies and premium-for-sale policies, which aroused farmers' enthusiasm about cotton production. Between 1985 and 1994, output was stagnant and dropped again because the monopolized procurement system was not suitable for expanding cotton production after the commencement of market-oriented reform. During this stage, cotton output fluctuated with the adjustments of pertinent economic policies. It is clear from all this that, whether during the periods of steady, rapid expansion or stagnancy and setbacks, natural disasters play a role in cutting annual cotton production, but are not the major factor influencing big rises and falls in output. Scientific advances and improvement of infrastructure are crucial forces in raising cotton production to a new level. The fact that cotton growing and grain production are undertakings competing for land creates some contradictions, which result in fluctuations in cotton production and changes in the grain output averaged on a per-capita basis. However, adjustments of policies and changes in systems are the most important factors influencing major upswings and downslides in cotton production.

(1) Changes in returns from cotton-growing due to adjustments of economic policies is the most important factor influencing fluctuations in cotton production. Cotton-related economic policies include primarily policies on the cotton procurement price, price ratios between cotton and grain and between cotton and its means of production, and premiums for sale. Adjustments of these economic policies determine the yield and comparative returns from growing cotton. Years upon years of experience prove that economic policy adjustments' impact on returns from growing cotton is the biggest factor in bringing on fluctuations in cotton production. Between 1950-1958, growing cotton brought high returns, and cotton production saw a big expansion. Between 1959 and 1978, returns from growing cotton fell continuously, and cotton production suffered several setbacks. Between 1979 and 1984, cotton-growing gave favorable returns. This, plus the output-related household contract responsibility system, resulted in rapid development of cotton production. From 1985 onward, cotton procurement prices underwent several adjustments, and cotton production rose and fell accordingly. From the relationships between returns from cotton-growing and fluctuations in cotton output, one can see that when returns are high, cotton production expands, and when returns are low, cotton production became stagnant and may even fall. Low returns from cotton-growing are caused by several factors:

1. Long-term implementation of low purchase price policies. China has long used a state monopoly purchase system when it came to cotton. Rather than let a market system regulate production and consumption, it relied on administrative measures. It employed simple pricing as a tool to distribute national income and used low-priced monopolized purchase to derive primitive accumulation from surplus cotton, making it less rewarding to grow cotton. The result was that China not only limited agriculture's inherent accumulation capability, but also dampened farmers' enthusiasm for expanding cotton production.

2. Overly drastic increases in the prices for means of agricultural production. An important reason it became less rewarding to grow cotton after 1985 was that the prices for means of agricultural production rose too drastically. Big price hikes, especially the multiplying prices of fertilizers, pesticides, plastic sheeting, and diesel fuel, rapidly drove up the cost of cotton production. Between 1984 and 1988, the purchase price index of cotton consistently lagged the price index of the means of agricultural production, hurting cotton production during this period. In 1988, the average per-ton prices of urea and diammonium phosphate were roughly 610 yuan and 1,200 yuan. By 1992, the prices had risen

to 1,000 yuan and 1,500 yuan, respectively. In March 1993, the State Council announced the deregulation of fertilizer prices, and the State Administration of Commodity Prices set the maximum retail price of urea at 1,200 yuan. But, in reality, prices had already surpassed this level in many places. Although the state has been implementing a monopoly trade policy for chemical fertilizers in the past two years, their prices nonetheless have been climbing faster than the price index. According to data obtained by Ministry of Agriculture representatives staying in 100 counties around the country, the prices of four major chemical fertilizers, i.e., urea, diammonium phosphate, ammonium bicarbonate, and phosphatic fertilizer, rose 54, 56, 52, and 33 percent, respectively, in the 18 months from September 1993 to March 1995. On average, these price hikes were 26 percent above the price index for the same period. A typical investigation conducted by Shandong Province shows that during 1992-1994 the average means-of-production expense for each mu (0.0667 hectare, the same hereafter) of cotton was as high as 170.8 yuan, or 3.42 times the 1983-1985 average of 49.9 yuan. That expense was 36.3 percent of the 471 yuan of income from cotton and cotton by-products, or 16.6 percentage points higher than the 1983-1985 average of 19.7 percent. These rising costs lowered real profits from growing cotton. At the same time, risks increased, which affected farmers' investment in cotton production.

3. Diminishing comparative returns from cotton-growing. How income from cotton compared to income from other agricultural undertakings and to nonagricultural rural industries — especially how cotton compares to grain crops — has much to do with fluctuations in cotton output. The following is an analysis of cotton's comparative income from the standpoints of acreage income — that is, net income per mu after taxes — and income per unit labor:

Acreage income comparison. According to data on agricultural production costs and income from the Agricultural Cost Office of the Hebei Provincial Administration of Commodity Prices, the after-tax net income from each mu of cotton was 9.73 yuan in 1992, only 4.3 percent of what it was in 1990. In 1993, the figure rose to 83.15 yuan, still a mere 36 percent of the 1990 level. The 1993 net income per mu after taxes for a crop of wheat followed by corn was 178.29 yuan, or 95.14 yuan more than that for cotton. Just looking at the corn crop portion of the wheat-corn combination, the net income per mu after taxes was 131.58 yuan, still 48.43 yuan more than the income from growing cotton. Peanuts brought in a per-mu after-tax income of 161.21 yuan, or 78.06 yuan more than what cotton brought in. The income difference was even greater between cotton

and fruit trees. Conditions such as these inevitably affected farmers' enthusiasm for growing cotton and led to a drop in the acreage planted to cotton and a switch to other crops.

Comparison of income per unit labor. According to Shandong Province's model study, between 1983 and 1985, the net income per workday from growing cotton, wheat, corn, and peanuts was 4.8 yuan, 4.1 yuan, 5 yuan, and 6.5 yuan, respectively (net income per workday is income from the crop and crop by-products, minus material expenses, divided by the number of workdays). During those years, cotton-growing brought good returns, and farmers' enthusiasm was high. In 1984, cotton-growing reached its apex. Between 1992 and 1994, returns from cotton-growing were low because of factors such as increased costs, low production level, and price policies. During that period, the net income per workday for growing wheat, corn, and peanuts was higher than growing cotton by 70 percent, 100 percent, and 2.1 times respectively. Further, because wheat and corn can be grown one after another in a year, the real income from growing these two crops can be much higher than growing cotton. Income per unit labor from the secondary and tertiary industries is even higher than agriculture. With the increasing opportunity labor cost, farmers' enthusiasm for growing cotton is bound to be dampened.

4. Overly scattered planting, which makes it impossible to benefit from large-scale cotton-growing. Overly scattered planting is another reason that cotton-growing has brought low returns. Scattered planting does not benefit from the propagation and implementation of advanced techniques. It results in a low yield per unit area, thus hurting farmers' income. In addition, with scattered planting, it is impossible to practice large-scale control of cotton bollworms and other insect pests. This not only affects the result of pest control but also pushes up its costs. More seriously, there have been incidents of pesticide poisoning because of the rampant spread of pests. According to available statistics from Hebei Province's Hengshui Prefecture, about 5 percent of farmers abandoned their operations in 1993 because of pesticide poisoning and, as a result, that year no cotton was harvested from their fields.

(2) The system's impact on fluctuations in cotton production. China's economic system has experienced roughly two periods. The first was the traditional planned economy period before the Third Plenary Session of the 11th CPC Central Committee. The second is the period after that session, i.e., the new period of market-oriented reform and of building a socialist market economy. During the first period, because of harm resulting from the "Left" mistakes and the effects of

the people's commune system and state-monopolized purchase and sales system, cotton production remained stagnant and suffered many setbacks between 1959 to 1978. In the latter period, with the reform of the output-related household contract responsibility system in rural areas, farmers became relatively independent producers of goods with fairly great autonomy over their production operations. After basically satisfying their food and clothing needs, the broad masses of farmers began turning their attention to larger markets and pursuing diversified commodity production. While the large majority of agricultural products were deregulated as were means of production and sales of cotton textiles goods, cotton is still subject to a closed, state-monopolized purchase and sales system. This is another factor contributing to fluctuations in cotton production. The state-monopolized purchase and sales system affects cotton production in the following five main ways:

1. There have long been five problems with cotton-related policies under this system: The first is sluggish policy-making. In most years, the procurement price of cotton is not announced before the autumn sowing or the second year's cotton sowing. The announcement of the price is often close to the time of cotton procurement. Such a policy cannot encourage cotton-growing. Sometimes, the procurement price is not adjusted timely to respond to a big downside in cotton production. Rather, only after the problem worsens is there any major price increase. This prolongs, at great cost, the period of stagnancy in production. The second problem is that the state-set procurement price is far from being up to date. The course of China's cotton production shows that the effects of our policies to encourage or limit production are not manifested promptly but often after two or three production cycles. This delays solving cotton's supply-and-demand problem and prevents farmers from planning production operations according to supply and demand. The third problem is that policies are changed frequently, but they still cannot successfully address the problem of rising production costs. During the 16 years from 1978 to 1994, China adjusted the cotton procurement price 14 times and, in addition, enacted policies to award those who overfulfilled their state procurement quotas. In 1989, 1990, and 1994, the cotton procurement price was raised dramatically. The price in 1994 was 64.8 percent higher than in 1993. Despite this, returns from cotton-growing remain low because prices for means of agricultural production are skyrocketing. The fourth problem is unreasonable price adjustments. Among the 14 price adjustments since 1978, procurement prices in the four years of 1984, 1985, 1986, and 1992 were actually reduced. The fifth problem is that interest distribution is unfair. Adjustments in cotton policies often favor cotton business departments and textile

enterprises. Cotton farmers, cotton-producing areas, and scientific and technical workers are denied fair rewards.

2. Centralized cotton management is detrimental to sustained growth in cotton production. Purchase and distribution of cotton at the state's planned prices by the cotton and flax management departments has played a significant role in guaranteeing the smooth development of textile enterprises and building up the nation's economy. Under the monopolized cotton management system, however, there are frequent errors in the implementation of state policies and disadvantages of the system are beginning to appear. Chief among these are: First, there is no other circulation channel and no impartial system for checking and monitoring cotton procurement. When the supply of cotton exceeds demand, cotton's quality is often purposefully downgraded by the procurement department so as to pay a lower price. This hurts the interests of cotton farmers. Second, cotton-flax companies in actuality perform the dual function of managing administrative matters and adjusting production and marketing. They can gain considerable benefits in the circulation of cotton. This distribution structure is detrimental to the expansion of cotton production and processing. Third, arrears in payments for cotton purchased are frequent, hurting cotton farmers' interests. Fourth, there are, in reality, several different prices, and the market price is higher than the state-set procurement price. But because the state-set price is mandatory, cotton farmers' have to sell their harvest at this price. All these critically affect cotton farmers' enthusiasm for increasing output and unquestionably impact the continued development of cotton production.

3. The current cotton procurement and marketing system has become an "amplifier" of supply-and-demand problems and a "booster" of production-level fluctuations. Right now, some cotton business departments, out of a concern for their departmental interests, often seriously distort information about supply and demand. In bumper harvest years, they often falsely report their stock, exaggerating indications of "surpluses" in an attempt to gain subsidies allowed under state policies. In poor harvest years, they often underreport the amount purchased. Departmental monopoly, combined with inter-regional blockade, adds to the short supply problem on the market and magnifies indications of "shortages." This "amplification" of supply-and-demand problems can often lead to faulty policy-making and become a "booster" of fluctuations in cotton production.

4. Monopolized cotton procurement at low prices creates relatively or completely ineffective resource allocations. Low cotton prices bring some benefits to the textile industry, but are not conducive to leading cotton textile enterprises to the road of technological transfor-

mation and quality improvement. Instead, low cotton prices cause the overlapping and blind development of many small spinning and weaving mills of low caliber. Overcapacity, low-quality equipment, and lack of breakthrough advances in product quality, variety, and design are important reasons for the long predicament of the textile industry. Textile enterprises' expansion in this low-caliber direction makes it impossible for them to withstand a rise in cotton prices. Considering textile enterprises' inability in this respect, the state has no choice but to keep cotton procurement price low.

5. Lack of coordination causes cotton production, consumption, and imports and exports to be out of sync and creates the phenomenon of exporting during poor-harvest years and importing during bumper-harvest years. This causes unnecessary "difficulty in buying" and "difficulty in selling," adding further to the nation's supply-and-demand problem. The phenomenon, with the effect of a reverse adjustment of supply and demand, is another factor contributing to fluctuations in cotton production.

(3)The impact of scientific and technological advances, infrastructure build-up, and natural disasters on fluctuating cotton production levels. Since the founding of New China, the per-unit-area yield of cotton has risen dramatically, from 10 or so kilograms per mu in the early days of the new nation to 50-odd kilograms and a record high of 60.5 kilograms in 1984. However, per-unit-area yields are not at all stable but show big ups and downs. During these past 10 years, our cotton yield per unit area not only has never surpassed the 1984 level, but has fluctuated drastically. In 1992, the yield fell to 44 kilograms, 27.5 percent lower than in 1984. Experience proves that faulty policy adjustments do contribute to instability in cotton's per-unit-area yield but lack of scientific and technological advances and infrastructure build-up as well as occurrences of natural disasters are the main factors causing fluctuations in cotton yield.

1. Science and technology as a factor. China has, over the years, popularized a host of advanced cotton-growing techniques and introduced new cotton varieties many times. Each time new techniques and new varieties were widely used, cotton's per-unit-area yield rose considerably. Aside from good policies, the main reason our cotton yield grew so much in the 1950's and early 1980's was that good seeds and pesticides were available and there was a contingent of technical outreach workers who could widely disseminate advanced techniques. However, the impact of technology on cotton yields has varied from time period to time period and from region to region. A main reason our cotton production levels have hesitated and slid during these

past 10 years has been that scientific and technological developments have been sluggish, and no compatible techniques have been available and put to use. The science and technology of cotton-growing now face two problems: First, there are no new scientific and technological breakthroughs, such as breakthroughs in developing superior cotton strains that can "give a high yield, resist pests, produce quality cotton, and ripen earlier" and breakthroughs in bollworm control techniques. For example, the 24.1 percent drop in per-unit-area yield in 1992 from the previous year was mainly the result of cotton bollworm damage. Second, no compatible planting and cultivating techniques are available and put to use. The main reason, aside from cotton farmers' lack of enthusiasm because of low returns from cotton-growing, is the "breakdown" of the grassroots service structure for disseminating agriculture techniques due to "lack of coordination" and "absence of support." As a result, technical guidance is ineffective, there is no exchange of techniques, and feasible techniques cannot be popularized. The failure to control cotton bollworms in the 1990's also has very much to do with agricultural technical outreach contingents being cut back. For this we have paid a heavy price, and from this we have learned some hard lessons.

2. Infrastructure as a factor. Since the founding of New China, we have continuously strengthened agricultural infrastructure construction. Since 1985, we have again put major effort into improving cotton production bases. We have made a certain amount of headway in ensuring a sound system for developing improved cotton strains, in building a system for popularizing agricultural techniques, in improving the dissemination of new techniques, and in revamping cotton fields. Even so, our infrastructure for cotton production remains inadequate. Its ability to contend with natural disaster is low.

3. Nature as a factor. Natural disasters such as floods, droughts, frost, and cotton diseases and pests pose a very big threat to cotton production. Because our ability to fight natural disasters is low, it is hard to avoid fluctuations in cotton's per-unit-area yield resulting from this factor.

(4) The effect of relationship between cotton and grain on fluctuations in cotton production. China has a high population-to-land ratio and an extreme shortage of tillable land. Competition between grain and cotton crops for land has long been a basic fact of life. Often, favoring cotton crowds out grain, while favoring grain crowds out cotton. Actually, cotton production fluctuates with changes in policies on the price ratio between cotton and grain and changes in the average per-capita grain amount.

1. The effect of policies concerning the cotton-to-grain price ratio on cotton production. A historical examination of changes in China's cotton production levels and cotton-grain price ratios reveals a direct relationship between the two. Of the 41 years between 1952 and 1992, 23 saw a cotton-to-grain price ratio lower than 1:8.5 (including 1:8.5). In 15 of these 23 years, cotton production fell — such output-reduction years accounted for two-thirds of the 23 years. In 18 of the years between 1952 and 1992, the cotton-to-grain price ratio was higher than 1:8.5. Production grew in 12 of these 18 years, and fell in six. Disregarding the exceptional period of 1959-1960, the years that had a ratio higher than 1:8.5 were mostly production-growth years. In addition, an examination of cotton-to-grain price ratios during different periods shows that there was a rational ratio for each period. In the 1950's, whenever cotton-to-grain price ratios were higher than 1:10, the masses of cotton farmers were enthusiastic about expanding cotton production, and cotton and grain crops both enjoyed major growth. During the "Great Cultural Revolution," because there was a dire shortage of grain and because the price ratios between cotton and grain were unreasonable (below 1:8.5 on average), cotton production stagnated, despite the fact that the party and government adopted a series of strong administrative measures and the State Council held cotton production work meetings nearly every year. Between 1978 and 1984, the cotton-to-grain price ratio reached 1:8.65, and at the same time, prices of means of agricultural production were relatively low. Cotton production grew year after year, reaching a historical high in 1984. Between 1985 and 1989, cotton-to-grain price ratios were in a downslide, averaging below 1:8, and dropping to 1:6.6 in 1986 and 1989. Total cotton output slid steadily, not to recover for years. Moreover, with the effect of the dual-price system for grain, the actual cotton-to-grain price ratio was even somewhat lower if the cotton price is compared with grain's market price. In 1990, the cotton-to-grain price ratio began to rise, reaching 1:9.56 by 1991. Cotton yields rose accordingly, making 1991 the second highest producing year in history.

2. The effect of per-capita grain amount on cotton production. A look at the changing relationship between grain and cotton production over the 45 years in question shows that fluctuations in cotton production follows changes in the per-capita grain amount. Between 1949 and 1978, China's per-capita grain amount was very low, and the problem of basic sustenance was never well resolved. Nationally, the per-capita grain amount held for a long time at about 300 kilograms, and in some cotton-growing regions, basic food grains could not be guaranteed. Such a state of affairs, of course, dictated

using more land for grain crops. As this prevented increasing cotton production, yields stagnated during the long period between 1950 and 1979. Between 1980 and 1984, the rural reform pumped vigor into the rural economy. The implementation of a series of policies, including importing more grain to allow the peasantry to recuperate and flourish, spurred increased production in both grain and cotton. By 1984, the amount of grain per capita reached 396 kilograms nationally, and that of cotton exceeded six kilograms, basically solving the sustenance problem. In the past few years, with the solution of the sustenance problem, cotton production in most cases was no longer conditioned on grain production, but there have appeared new problems that still have to do with changes in the amount of land devoted to cotton and grain production. Of the acreage lost from cotton a considerable portion has been shifted to other cash crops. The above shows that the per-capita grain amount is an important factor affecting cotton production. When the per-capital grain amount is unable to cover the people's basic living needs, cotton production will stagnate and even drop. When it is able to cover the people's basic needs, cotton production has the possibility of sustained and stable expansion.

III. Some Thoughts About Ensuring Sustained and Stable Development of Cotton Production and Balance of Supply and Demand

Generally speaking, China's demand for cotton exceeded its supply during the above-mentioned 45 years. This will continue to be the case for a considerable period of time to come. With the development of the economy and the improvement of the people's living standards, the per-capita demand for cotton is expected to go up, leading to an objective requirement for the sustained and stable development of cotton production. Based on our past experience and lessons concerning fluctuations in cotton production since the founding of the People's Republic, we should do the following five tasks in order to achieve the sustained and stable development of cotton production and balance the supply and demand of this commodity:

(1) Guarantee a reasonable income from cotton-growing to stir up the enthusiasm of cotton farmers. Cotton production fluctuates with changes in the interest setup of the economic policy. Under the socialist market economy, returns from cotton-growing are the most important core factor leading to the sustained and stable development of cotton production in our country. To stir up cotton farmers' enthusiasm, it is imperative, first and foremost, to assure them of a reasonable income. This, in turn, makes it necessary to set a reasonable price for purchasing cotton from

them. The general principle for setting the cotton procurement price is to ensure a reasonable profit for cotton farmers: the price should equal the total cost plus a reasonable percentage of profit. With this as a prerequisite, we should also take the following factors into consideration when setting the cotton procurement price: (1) There should be a proper ratio between the cotton and grain prices. The proper price ratio depends on the season and technical conditions for cotton and grain production in various localities. In other words, the ratio should be suited to the season and local conditions. Generally speaking, it should be based on the principle that income from cotton-growing should be more or less the same as income from grain cultivation. Judging from our past experience and the present state of development of cotton and grain production techniques, we deem it appropriate at this time to set the cotton and grain price ratio at 1:10, though in some high-grain-yield areas, the ratio may be somewhat higher. (2) There should be a proper ratio between the prices of means of production for cotton and means of production for grain. The present cotton production cost contains a greater proportion of expenses for means of production than in the past. This has an adverse effect on cotton production, which is a labor-intensive undertaking subject to great natural and market risks. In 1993, we put into practice a ceiling-price system for means of production. This system should be carried on unremittingly. Now, in quite some areas, this system is not strictly implemented. We should take resolute corrective measures. (3) We should formulate our cotton-pricing policy, using the international cotton-pricing system as a reference. (4) We should consider cotton textile enterprises' tolerance for changes in the cotton price. (5) If the cotton price is liberalized and subject to market conditions, the state should still exercise macro price regulation and control — it should set a floor price in order to protect cotton production. In addition to the above, there should be rational price differentials between different cotton-producing areas, between buying and selling, between different quality grades of cotton, and between different seasons. The cotton pricing policy should not only be scientific but should also feature continuity, stability, and foresightedness. In no way should we adopt policies and measures to restrict the development of cotton production simply because supply exceeds demand at one time. Even if, at one time, we have more cotton than required, we can expand the export of cotton in exchange for other commodities from abroad. All such policies should be published each year before the cotton-sowing season begins so as to ensure enough cotton-growing acreage and encourage cotton farmers to invest more into their fields.

(2) Actively explore ways for and promote the reform of the cotton-circulating system. Under the present system, it is becoming increasingly difficult to realize the expected objectives set for the circulation of cotton. With the establishment of the socialist market economic system, prices have been decontrolled for the vast majority of farm produce. Also decontrolled are the prices of products of cotton textile enterprises. As for the means of production required for cotton-growing, their prices are by and large decontrolled. Under these circumstances, market conditions have a significant impact on the production and circulation of cotton, even though so far we have no open market for this commodity. In fact, the circulation of cotton is no longer within the confine of the original system, and the state can no longer carry out its cotton procurement policy satisfactorily. Some localities, acting in their own interests, have often made exaggerated or watered-down reports on cotton procurement, and the state's cotton-allocation plan can hardly be fulfilled. Furthermore, because of local monopoly and inter-regional blockade, there have in reality appeared many separate regional cotton markets. The circulation of cotton is in a chaotic state, and cotton quality is hard to control. As a result, cotton quality has declined. As for the price, though the state has a fixed price for buying cotton from farmers, there is no uniform price when cotton arrives at the factory. Due to the soaring cotton price on the market, state-owned large and medium-sized cotton textile mills cannot have a guaranteed supply of raw material. All these point to the necessity of reforming our cotton circulation system.

1. Establish a cotton reserve system and price stabilization mechanism. Whether cotton can be deregulated depends primarily on whether the state can regulate the supply and demand of cotton and establish a mechanism to stabilize its price. Principal measures to regulate supply and demand include the establishment of a special cotton reserve and an emergency fund against possible risks. This emergency fund should be operated in conjunction with other risk funds.

2. Establish and make perfect a cotton quality assurance system. In recent years, quite a number of localities, under the influence of changes in cotton supply and demand and driven by their interest-seeking desire, purposefully raised the grade and price of their cotton when supply fell short of demand. Conversely, when supply exceeded demand, they downgraded the quality and lowered the price. This abnormal practice stemming from the situation of supply and demand hampered the implementation of the state standard for cotton quality and made it impossible to guarantee the quality of cotton supplied. To ensure the quality of cotton,

we should do two things at the present stage: One is to change the system whereby the cotton-receiving unit examines the quality of cotton, a system that has been practiced for years. That is, we should separate the quality-inspection function from the procurement department and transfer it to the technical supervisory department so as to sever the direct economic interest links between quality inspectors and the procurement department. The second thing is to strengthen audit. In the cotton-procurement season, the departments of technical supervision, commodity prices, audit, and discipline inspection should form a joint audit team to check the acceptance tests in the procurement of cotton and investigate and deal with problems as soon as they are discovered.

3. Gradually develop a cotton market system. To put cotton on the market, we must have a sound and orderly cotton market system. We must see to it that the production and circulation of this commodity are well organized to meet fair competition on the market in accordance with the principle of the market economy. The establishment of a cotton market system should be carried out in several steps. First of all, we should separate cotton management from government administration by changing the state-farmer purchase contract system to a system of purchase contracts between members of the market. Under the new system, cotton farmers sign contracts with intermediary organizations, which, in turn, sign contracts with cotton textile enterprises, or cotton farmers sign contracts directly with cotton-using units. Second, we should gradually develop a cotton wholesale market. To this end, we may first open a free market for cotton so that cotton required by individuals and not included in contract purchase can be traded freely on the market. This initial step in developing the market system will create a favorable condition for building the cotton wholesale market. With the free cotton market as a basis, we can gradually build a spot wholesale market on which cotton producers and buyers can deal directly and the transaction price can be set. The final step will be the establishment of a futures market, which should gradually become the main part of the cotton market system. This way not just cotton farmers but textile enterprises as well can base their production plans on the anticipated supply and demand as well as the price on the market.

4. Resolutely reduce the cotton-spinning capacity. A sizable part of the low-quality capacity developed by some cotton textile enterprises has stemmed from ineffective demand. This additional capacity has caused textile enterprises to compete for raw material and turn out low-quality and uncompetitive products. It has also

weakened their tolerance for market risks and adversely affected the reform of the cotton circulation system.

(3) Promote infrastructure construction, rely on science and technology to develop cotton production, and make ceaseless efforts to raise the overall cotton production capacity. While ensuring sufficient land for grain production as a prerequisite, we should have a stable acreage for growing cotton and raise the yield per unit area. This is the only way to achieve a sustained and stable development of cotton production. To tap the potential productivity of cotton fields, we should beef up their infrastructure construction and make breakthroughs in developing related science and technology. In our country, infrastructure for cotton production is still in a poor state. About one half of our cotton fields are medium- or low-yield fields, which are mostly located in the Huanghe-Huaihe-Haihe cotton belt. The Xinjiang cotton-producing area has a favorable ecological condition for developing cotton production. In Xinjiang, there are still some uncultivated lands that can be developed into new cotton fields. If we increase our input in this respect and build necessary water conservancy facilities, particularly water-saving irrigation facilities, we can expect to increase the cotton-growing acreage by 270,000-330,000 hectares in five to six years. This is a great development potential. From the perspective of the basic production element — cotton fields — we can see the need to devote great efforts to infrastructure construction so as to expand the acreage of fields that can give a stable and high yield of cotton.

In view of our present problems regarding science and technology that restrict our cotton production, we should do the following tasks: First, arrangements should be made to solve key problems by using science and technology. Work in this respect includes breeding new cotton strains and developing new pesticides. At present, cotton bollworms have become a serious pest causing the late growth and ripening of cotton in the Huanghe-Huaihe-Haihe area. It is imperative to organize scientific and technical personnel to solve this key problem by developing new cotton strains that can "give a high yield, resist pests, produce quality cotton, and ripen earlier." At the same time, efforts should be made to develop new pesticides so as to solve the problem from different angles and raise our cotton production to a new level. Second, we should stabilize the ranks of scientists and technicians and increase our input in the work of spreading the use of science and technology. We should have an effective incentive mechanism to encourage the application of science and technology, arouse the initiative of scientific and technical personnel, and see to it that advanced,

practical technologies are put to proper use. Third, further efforts should be made to improve the system for developing fine cotton strains. In this connection, we should further stabilize the system whereby cotton harvested from seed fields is purchased and processed by the seed department — a practice which has already proved effective in promoting the development of new strain. Fourth, new breakthroughs should be made in developing easy and simple cotton-growing methods so as to create a favorable condition for promoting cotton production in economically developed areas.

(4) Optimize the layout of cotton-producing areas. Since the 1980's, three major cotton-producing areas have come into being in our country. They are the cotton-producing areas in the Huanghe Valley, the Changjiang Valley, and Xinjiang. In the days to come, we should further improve the layout of our cotton-producing areas based on their production conditions, suitability for cotton-growing, economic development levels, and comparative efficiency in cotton production. In doing so, we should persist in developing cotton-producing areas in both the north and south to reduce the chances of all areas hit by natural disasters at the same time and get the benefit of the north and south complementing each other. This is an essential experience in stabilizing cotton output and a farsighted plan for developing cotton production. Guidelines for adjusting the layout of cotton-producing areas are: appropriately reviving the area in the Huanghe Valley, stabilizing the area in the Changjiang Valley, and accelerating the development of the area in Xinjiang to set up a mutually complementing tripartite pattern. The objective: The combined total output of the three major cotton-producing areas will reach 100 million dan by the end of this century, while the ratio of their output will be 3.5:4:2.5. To achieve this objective, the state should give proper guidance and exercise regulation and control according to different categories of work and based on the three areas' respective characteristics.

(5) Promote large-tract farming and organize industrialized production. Large-tract farming provides a better condition for raising the technical level of farming, improving the results of controlling cotton diseases and pests, and increasing the yield per unit area, thereby boosting returns from growing cotton.

Under the condition of a socialist market economy, if we are to enhance or ability to sustain the impact of changes in market conditions, we should gradually industrialize cotton production. For this purpose, we may either establish trade-industry-agriculture enterprises or set up cotton-production cooperatives. This way we will gradually raise the level of organization of cotton production and continuously enhance the self-improving ability of this undertaking.

PRC: 'Text' of Taiwan Affairs Spokesman's Statement*OW2306100596 Beijing XINHUA Domestic Service in Chinese 1400 GMT 22 Jun 96*

[FBIS Translated Text] Beijing, 22 Jun (XINHUA) — A spokesman for the Taiwan Affairs Office of the CPC Central Committee and the State Council was interviewed by a XINHUA reporter and answered the reporter's questions on certain issues related to the development of relations across the Taiwan Strait at the present stage. The full text of the interview reads as follows:

Reporter: Taiwan's leader in a speech on 20 May mentioned the issues of negotiations [tan pan 6151 0445] to "end the state of hostility across the Straits" and of visiting the mainland of the motherland. What are your comments?

Spokesman: "Peaceful reunification and one country, two systems" remains our basic policy for resolving the Taiwan issue. President Jiang Zemin's important speech on the Taiwan issue, delivered on 30 January last year, represents a programmatic document for our Taiwan affairs work. As early as New Year's day, 1979, the National People's Congress [NPC] Standing Committee put forward a proposal to end military confrontation across the Taiwan Strait through negotiations in its "Message to Compatriots in Taiwan." Since the beginning of the 1990's, we have suggested time and again that the two sides hold talks on "formally ending the state of hostility across the Taiwan Straits and gradually realizing peaceful reunification." In October 1992, President Jiang Zemin put forward the proposal in a report to the 14th CPC National Congress on the issue of holding negotiations to end hostilities across the Taiwan Straits. In which he pointed out: "With the premise of one China, all issues can be discussed, including the form of official talks between the two sides of the strait, so as to find a way considered appropriate by both sides." On 20 January 1995, President Jiang Zemin once again earnestly proposed holding such negotiations [tan pan 6151 0445] and suggested that "as the first step, the two sides could first hold negotiations on 'officially ending the state of hostility between the two sides of the strait, under the principle of one China' and reach an agreement in this respect. On this basis, the two sides should undertake jointly to safeguard China's sovereignty and territorial integrity and map out plans for future development of their relations." On the issue of leaders of the Taiwan authorities visiting the mainland, President Jiang Zemin earlier said clearly in his speech on 30 January 1995 that "we welcome leaders of the Taiwan authorities to visit the mainland in their

appropriate capacities, and we are also willing [yuan yi 1959 1942] to accept invitations from the Taiwan side to go to Taiwan." "The affairs of the Chinese people should be handled by ourselves, something that does not take an international occasion to accomplish."

We have noticed that, following the struggles of opposing splittism and of opposing "Taiwan independence," and faced with the strong demand of Taiwan compatriots, leaders of the Taiwan authorities recently had to make some kind of response to the above-mentioned proposal made by President Jiang Zemin and were forced to give up some unrealistic pre-conditions. If the Taiwan authorities were indeed sincere, they must lose no time in taking practical steps and, as a first step, hold talks [shang tan 0794 6151] with us on formally ending the state of hostilities across the straits or other political topics of common concern under the principle of one China. We will listen to their words and watch their actions.

Reporter: The leader of the Taiwan authorities deliberately sidestepped the one China principle and did not mention the "three exchanges [the direct exchanges of mail services, trade, air and shipping services]," which is of great concern to people on both sides of the Strait in his speech. This has had widespread repercussions in Taiwan, Hong Kong, Macao, and overseas. What is your view on this?

Spokesman: The one China principle is the prerequisite and basis for peaceful reunification. In his recent speech, the leader of the Taiwan authorities did not mention one China and evaded the fact that Taiwan is part of China's territory. He distorted and changed the intrinsic meaning of "popular sovereignty [zhu quan zai min 0031 2938 0961 3046]" in an attempt to divide China's territory and wanted to "continue the promotion of pragmatic diplomacy." It is actually the a continuation of Taiwan's upholding "two Chinas" or "one China, one Taiwan." Our struggle against splittism and "Taiwan independence" will never stop as long as the Taiwan authorities do not stop their splittist activities.

The direct "three exchanges" are the pressing common aspirations and the focus of people on both sides of the Strait. However, the Taiwan authorities intentionally evaded this matter against popular sentiment and the will of the people. It is hoped that the Taiwan authorities will truly pay attention to people's interests, adopt practical measures, and lift man-made barriers in order to realize the direct "three exchanges," which has been expected by people on both sides of the strait for a long time, as early as possible.

Reporter: Many political personages in Taiwan want to come to the mainland to exchange views on political issues. What are your comments?

Spokesman: We hope various parties in Taiwan will promote the development of cross-strait relations with foresight and a constructive attitude. We sincerely welcome various parties and people from all walks of life in Taiwan to exchange views with us in various forms on relations across the strait and on the peaceful reunification of the motherland.

Reporter: How do you evaluate the struggle against splittism and "Taiwan independence" since the beginning of last year?

Spokesman: The struggle since last June, which was launched by people throughout the whole country — including our compatriots on Taiwan — against splittism and "Taiwan independence" has fully shown the determination and capability of the Chinese people, the Communist Party of China, and the Chinese Government to safeguard China's sovereignty and territorial integrity, and they have heavily cracked down on the splittist forces in Taiwan, which attempted to achieve "Taiwan independence," and have exerted great and profound influence in promoting peace reunification. Our struggle against "Taiwan independence" and splittism is not one of democracy versus anti-democracy, but is a struggle between those advocating "Taiwan independence" and splittism and those opposing "Taiwan independence" and splittism. Those who distort this struggle and describe it as "opposing democracy" clearly are attempting to deceive the people. The leader of the Taiwan authorities overconfidently made some wild talk about "guiding the development direction of the mainland," but ignored the fact that the mainland has been enjoying political stability, has witnessed economic development and has strengthened its comprehensive national strength, in addition to daily improving its international status and its constantly growing influence in the international community, since its reform and opening up to the outside world.

We put our hopes in the Taiwan compatriots. We hope that people across the strait, compatriots in Hong Kong and Macao, and all other overseas compatriots will further unite to oppose splittism and spurn "Taiwan independence," strive to develop economic cooperation and exchanges in various fields between the two sides of the strait, actively promote direct, cross-strait "three exchanges," and continue to work hard and struggle for the realization of the great cause of China's reunification.

PRC: Taiwan Investors Expect To Benefit From IPR Accord

OW2106122396 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1103 GMT 18 Jun 96

[FBIS Translated Text] Hong Kong, 18 Jun (ZTS) — Taipei [Taipei]: With the agreement on intellectual property rights [IPR] protection reached between the mainland and the United States, Taiwan investors in the mainland can expect gains from the accord; and bicycle, gift, and textile manufacturers will see improved business operations in the second half of this year.

Zhuang Zhengyuan [Chuang Cheng-yuan], director of Taiwan's Board of Foreign Trade Fifth Department, pointed out: Following the 11th hour talks, the United States and the mainland reached an agreement and announced the canceling of sanctions against each other. The end of the dispute is beneficial to Taiwan investors because they can benefit from both the U.S. commitments to remove the mainland from the Super 301 list and the mainland's further opening of its domestic market.

Bicycle, gift, and textile manufacturers expect to benefit from the mainland-U.S. agreement. The Taiwan-funded Juda Machinery and Meilida Industrial Companies are looking forward to increasing their bicycle exports to the United States. According to Meilida Financial Manager Xie Tianzhu, the impact of last year's dumping case cut the company's business volume to half of that of the year before; and he expects this year's exports to resume the level of 1994.

Juda Commissioner Chen Meihui said: At present, about 40 percent of mainland-manufactured bicycles are for export. In view of the imposition of antidumping taxes on some mainland bicycle manufacturers several months earlier, the end of the mainland-U.S. IPR dispute may divert some orders to Taiwan manufacturers that are not required to pay the antidumping tax or that are required to pay a lower tax rate. Bicycle and consumer electronic product manufacturers, who have focused their operations on the mainland's domestic market, will also benefit from the mainland's further opening of the domestic market.

Gift manufacturers also look forward to increasing their exports to the United States in the second half of this year. Ye Zhengxiong, Longxing Industrial Company general manager, said: U.S. buyers have postponed placing orders to Taiwan-invested plants in the mainland because of possible U.S. trade retaliations against the mainland. With the end of the dispute, manufacturers will see an increase in orders in the second half of this year.

In addition, sources at Taiwan's Economic Affairs Ministry Investment Commission said: As the mainland and the United States have reconciled their trade dispute and reached an agreement, the mainland is expected to accelerate the opening of its domestic market, thus raising Taiwan businessmen's willingness to invest in the mainland and extending the current trend of large-scale investments and domestic sales.

PRC: Non-Economic Factors Hinder Taiwan's Industrial Growth

OW2006131396 *Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 16 Jun 96*

["Commentary" by station commentator Yu Xin: "Taiwan's Industrial Development Plagued by Non-Economic Factors"; from the "News Square" program]

[FBIS Translated Text] Taiwan's industrial growth rate in 1996 was originally set at 6.4 percent, which was already lower than that of neighboring regions; but because of the first quarter's lackluster economic performance, the target was later readjusted to 6.17 percent. After repeated discussions, the island's financial and economic officials maintained recently that Taiwan's economic growth rate this year might even be lower than 6 percent.

People of all all circles in Taiwan had hoped that the election not long ago might be able to stimulate the economy. However, the industrial production index of April released by the Ministry of Economic Affairs recently was still lower than that of March. Since the beginning of the year, Taiwan's industrial production has been on the decline each month, the prospects for the real estate market are still bleak, and private sectors' willingness to invest is still generally low. Taiwan authorities' departments concerned have confessed that these phenomena are primarily caused by non-economic factors.

Following the Taiwan leader's visit to the United States last years, cross-strait relations have not been this tense in more than three decades. Ever since the visit, Taiwan's economic performance has been deteriorating, creating an unusual economic recession since the second energy crisis: The economic growth rate of the fourth quarter of 1995 was under 5 percent; the anticipated target set for the first quarter of 1996 was not reached; the jobless rate in the Taiwan region has now reached 2.3 percent, which is a record high in a decade; the negative growth of money supply is unprecedented; and the stock and real estate markets' failure to recover after their setback has adverse effects on financial stability and private sectors' consumption and investments.

Real estate is an indicator of Taiwan people's confidence, and it has a close bearing on cross-strait rela-

tions. People purchase real estate only when they have confidence. However, because of cross-strait tensions, many people are migrating to other countries, taking away with them large amounts of money. Under such circumstances, people naturally are unwilling to buy real estate to retain the value of their money. When the real estate market fails to recover and the money cannot be put to efficient use, the economy as a whole cannot be activated. People in Taiwan have become increasingly aware — and they also know this is really what they want — that expediting the process of the motherland's reunification under the one-China principle is the only way out for Taiwan's historical development, social progress, and economic construction.

The Taiwan authorities have been advocating economic liberalization since 1984. However, cross-strait economic activities and trade have not been proceeding freely on an equal footing. Professor Hou Jiaju writes in an article that current cross-strait economic activities and trade are unequal in at least three respects: Taiwan's exports to the mainland are treated as minuses [fu mian biao lie 6298 7240 5903 0441], while Taiwan's imports from the mainland are treated as pluses; with regard to investments, Taiwan can invest in the mainland, but the mainland cannot invest in Taiwan; and while Taiwan businessmen can invest and trade in all parts of the world, they are restricted in many ways when they embark on economic activities and trade on the mainland. This is especially so for large businesses. Taiwan's policy for cross-strait economic activities and trade has run counter to the World Trade Organization's non-discrimination principle. Today, Taiwan still refuses to establish direct postal, shipping, and commercial ties with the mainland. Apparently, the Taiwan authorities' mainland policy has obstructed the island's economic development. Non-economic factors have affected normal cross-strait economic activities and hurt the interests of the people on the two sides of the strait.

Currently, cross-strait relations cannot be described as genuinely stable, and the performance of Taiwan's industrial sector has yet to improve. Recently, Taiwan's Central Bank has let the New Taiwan Dollar depreciate, hoping that an appropriate depreciation of the Taiwan currency can stimulate export and channel back the capital that has flowed out. The actual effects have not been encouraging, however. The island's businessmen and the vast public have become increasingly aware that stabilizing and developing cross-strait relations are the first and foremost issue confronting Taiwan and wherein Taiwan's fundamental interests lie. Whether the Taiwan authorities will take the Taiwan people's interests into consideration and open the channels for normal cross-strait economic activities and trade from now on by removing the barriers obstructing cross-strait postal, shipping and commercial ties is an issue having a close bearing on the vital interests of the people on the two sides of the strait.

Taiwan: Li Peng Likely To Respond 1 Jul to Li Teng-hui Speech

OW2106123096 Taipei LIEN-HO PAO in Chinese
17 Jun 96 p 9

[FBIS Translated Text] Huang Wen-fang [Huang Wen-fang], former director of Taiwan Affairs Department under XINHUA NEWS AGENCY Hong Kong Branch, who was permitted to visit Taiwan for the first time, arrived in Taiwan by plane last evening. Wang Wen-fang said: The top leadership of the Chinese Communists will issue an important speech on the occasion of the party's "1 July" 75th founding anniversary to formally respond to President Li's inaugural speech. The speech will have major influence on cross-straits relations. He said: It is most likely that Li Peng, premier of the Chinese Communists, will appear personally to make the response.

Huang Wen-fang pointed out: Cross-straits relations have reached a turning opportunity. It is possible for the two sides of the Taiwan Strait to establish long-term stability, peace, and cooperative relations. This is the need of the two sides and the aspirations of the people on the two sides of the Taiwan Strait. He said that it is fairly "satisfactory" for him to personally visit Taiwan when changes have now appeared in cross-straits relations.

Huang Wen-fang said that he once published an opinion in Hong Kong that on 1 July Chiang Tsemin [Jiang Zemin] will formally respond to President Li's inaugural speech. The situation has now changed somewhat. As Chiang Tsemin will visit Europe from 24 June to 6 July, obviously he will not be in Beijing on 1 July. However, on the party's 75th founding anniversary day, a top leader will definitely appear to give a speech. This speech will certainly touch on reunification, resumption of sovereignty over Hong Kong, and cross-strait affairs. It is unavoidable that the speech will respond to Li Teng-hui's speech. He said: It is very likely that Li Peng will appear personally to make the response as Li Peng is currently also involved in Taiwan affairs to a certain extent.

As regards cross-straits relations after President Li's inaugural speech, Huang Wen-fang pointed out: Currently, the view in Beijing is that President Li's inaugural speech should be given the "cold shoulder." This "cold shoulder" is only a temporary method. However, this "delay" formula does not mean that the matter will not be handled. He believed that the issue will be ultimately handled as the top leadership of the Chinese Communists will still have to face it.

Huang Wen-fang pointed out: Currently, the authorities on the two sides of the Taiwan Strait are polar opposites in handling cross-strait relations. Beijing's policy and

goal is reunification based on the format of "one country, two systems," whereas Li Teng-hui's objective is to maintain the current situation for a long time. In the past, Taiwan was fairly negative and kept itself at a distance and hoped that cross-straits relations would not develop too rapidly. However, Li Teng-hui has now expressed his hope to visit the mainland. This is an initiative in launching an offensive. This is a very good message.

Taiwan: Lien Comments on 'Greater Responsibility' of Premiership

OW2206090696 (Internet) Taiwan Central News
Agency WWW in English 0822 GMT 22 Jun 96

[By Flor Wang]

[FBIS Transcribed Text] Kaohsiung, June 22 (CNA) — Vice President Lien Chan said on Saturday [22 June] that his renomination as premier by President Li Teng-hui means greater responsibility for him and reiterated that the government is determined to develop Taiwan into one of the world's most competitive country in the 21st century.

Lien made the remarks while addressing the 1996 commencement at National Sun Yat-sen University (NSYSU).

Lien said 1996 is a year full of historical significances, in which the nation not only held its first popular presidential election on March 23 but will move toward the beginning of a new century under the leadership of President Li Teng-hui.

Over the past few years, the ROC [Republic of China] has won global recognition and respect for its remarkable political, economic, cultural and social achievements, Lien said, stressing that he will do his best to help President Li lead the nation into the next century.

Lien vowed to fulfill his promises made on June 7 in his first news conference after being re-appointed as premier by President Li. He pledged that he will adopt effective strategies and measures to boost Taiwan's competitiveness to the world's top five before the end of this century.

To achieve the goal, the government has to further enhance its efficiency and improve Taiwan's investment climate, as well as speed internationalization and liberalization and improve ties with Mainland China, Lien pointed out. He added that the Executive Yuan has recently set up two ad hoc groups to work for the realization of the goal.

Lien later was awarded an honorary doctor degree in social science by NSYSU President Lin Chi-yuan.

marking the first time for him to receive such an honor from a domestic university.

Taiwan: CCP Overture To President Li Seen 'Showing Goodwill'

OW2406085796 (Internet) Taiwan Central News Agency WWW in English 0744 GMT 24 Jun 96

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, June 24 (CNA) — Taiwan's top mainland affairs policy maker Monday termed Chinese Communist Party's [CCP's] response to President Li Teng-hui's latest peaceful proposal as "a move showing goodwill."

Mainland Affairs Council (MAC) Chairman Chang King-yuh, however, urged Beijing to take concrete actions by resuming the stalled cross-strait talks through the Strait Exchange Foundation (SEF) and the Association for Relations Across the Taiwan Strait (ARATS).

Chang, commenting on a statement made by a spokesman for the Taiwan Affairs Office of the Chinese Communist Party Central Committee on Saturday, the first official response to Li's peaceful proposal made in his inaugural speech on May 20, urged Beijing to "take practical steps" in addressing relations across the Taiwan Strait.

Commenting on the statement, MAC Vice Chairman Kao Koong-lian stressed on Sunday that the most important task for both sides right now is returning to the negotiation table.

Kao said Taipei is ready anytime to sit down and talk with Beijing on the basis of "one-China, different interpretation" principles.

Kao said MAC needs some time to look into the CCP statement which urged Taiwan "to end the state of hostility across the Strait," and welcomed "Taiwan leaders" to pay visits in "appropriate capacities."

The CCP statement, made through the official XINHUA NEWS AGENCY, said "If the Taiwan authorities had sincerity indeed, they should lose no time in taking practical steps" to resume negotiation under the premise of one China.

Kao said Taipei has always kept its door of negotiations wide open, and has time and again stressed that cross-strait negotiations should be conducted under the principles of mutual-respect, peace and rationality, and equality and pragmatism as well.

Regarding Beijing's call of Taiwan to "take practical steps," Kao said both sides of the Taiwan Strait should take practical steps.

Once the two sides return to the negotiation table, he said, talks on the so-called "three links" or direct exchanges of mail, trade, air and shipping services across the Taiwan Strait will follow.

Taiwan: President Li Stresses Patience in Cross-Strait Ties

OW2106122696 Taipei CHUNG-YANG JIH-PAO in Chinese 18 Jun 96 p 1

[FBIS Translated Text] President Li Teng-hui gave a banquet in honor of senior presidential advisers yesterday evening. In his speech, President Li said dealing with the Communist Party requires tremendous patience and perseverance. Therefore, in face of twists and turns in cross-strait relations, "we can wait patiently until the Chinese Communist authorities change their attitude, so long as we keep to the correct orientation and have a good grasp of our practical policies."

President Li pointed out that most of the senior advisers here have had experience in dealing with the Communist Party when they were young and should know better than he does that dealing with the Communist Party requires tremendous patience and perseverance.

President Li gave a banquet in honor of all the senior presidential advisers at the Taipei Guesthouse yesterday evening. In addition to wishing them a happy Dragon Boat Festival in advance, President Li, who was accompanied by Presidential Secretary General Wu Po-hsiung and Deputy Secretary General Huang Cheng-hsiung, also took the opportunity to set forth the development orientation of national affairs during this term of office. President Li assigned Wu Po-hsiung to keep in contact with each of the senior advisers.

President Li said the barrier to cross-strait relations lies in Mainland China's refusal to admit the fact of the Republic of China's [ROC] existence and development. "Gentlemen, looking back on the past decade, we have made great efforts and numerous breakthroughs to peacefully develop cross-strait relations. However, the mainland authorities have not yet made a goodwill, positive response."

During the party, President Li made notes of proposals forwarded by Hsieh Tung-min, Chao Tzu-chi, Ku Chen-fu, Ni Wen-ya, Wu Ta-you, and Li Kuo-ting.

Afterwards, President Li said how to make our government "efficient and clean" is always on his mind. In the course of national development, we have different strategies in various stages. However, "the most important thing is to protect the ROC." During the Chiang Kai-shek and Chiang Ching-kuo regimes, the two presidents formulated varying strategies. At present, we

should accommodate changes in the times and trends, build up our national strength, and increase our bargaining chips to achieve the goal of national unification.

Taiwan: President Li Says No Plans for Dialogue With PRC 'In Sight'

OW2106131396 (Internet) Taiwan Central News Agency WWW in English 1217 GMT 21 Jun 96

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, June 21 (CNA) — In light of the current situations, no dialogue, or the restoration of contacts with Beijing is in sight, but Taiwan has always kept the door of negotiations wide open, President Li Teng-hui told a group of foreign visitors on Friday [21 June].

Li said while meeting with a delegation of the US National Committee on American Foreign Policy that development of cross-strait relations could not be pushed forward by Taiwan unilaterally.

The first ROC [Republic of China] president elected by universal suffrage said that he made a clear gesture of goodwill toward Beijing in his inaugural address on May 20, but Beijing has kept silence so far.

Despite the withdrawal from the United Nations in 1972, and the breakup of official relations with the United States in 1979, the ROC hasn't disappeared from the international community. On the contrary the island has struggled to implement democracy and liberated its economy. Its achievements are hailed as miracles and have earned admiration from around the world, Li said.

He regretted that Beijing rattled saber at Taiwan early this year when the 21 million people of the island were gearing up for the first popular presidential election. He called Beijing's military exercises in the waters near Taiwan a vain attempt to influence the outcome of the election, which underlines the difference between Taipei and Beijing.

Li suggested that it is now up to Beijing to come up with steps to improve the relations between the two sides, because Taipei has always been willing to contacts with Beijing.

Taiwan: Straits Exchange Official Responds to Beijing on Ties

OW2306092496 (Internet) Taiwan Central News Agency WWW in English 0913 GMT 23 Jun 96

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, June 23 (CNA) — A senior official for mainland affairs said Saturday [22 June] that Beijing seems to have realized that its

differences with Taipei can only be solved through negotiations.

However, in response to a statement made late Saturday by the Chinese Communist Party's Central Office for Taiwan Affairs, Chiao Jen-ho, vice chairman and secretary-general of the Straits Exchange Foundation (SEF), pointed out that Beijing has not changed its basic stance toward Taiwan. He asserted that the Central Office for Taiwan Affairs is too low in rank to be considered an appropriate body to respond to ROC [Republic of China] President Li Teng-hui's proposals to improve cross-strait relations.

In a statement published by XINHUA News Agency, Beijing's Central Office for Taiwan Affairs reiterated Saturday the eight principles outlined by mainland President Jiang Zemin for relations with Taipei and challenged Li to back up his words by negotiating with Beijing for an end to the hostility across the Taiwan Strait under the principle that "there is only one China."

Chiao said the major hurdle standing in the way of negotiations is that Beijing insists that "one China" refers to communist China while Taiwan claims it stands for the prosperous, democratic China of the future. He said that only if Beijing respects Taiwan's different formula for "one China" will the stalemate in negotiations be broken.

Meanwhile, Chai Pi-huang, director-general of the Kuomintang's Department of Cultural Affairs said on Sunday that Beijing's statement is evidence that it intends to resolve cross-strait disputes.

He urged Beijing to resume the disrupted contacts between the SEF and Beijing's Association for Relations Across the Taiwan Strait as the first step in improving relations with Taiwan.

Taiwan: President Li Approves 'Major' Military Shakeup

OW2106145196 (Internet) Taiwan Central News Agency WWW in English 1448 GMT 21 Jun 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, June 21 (CNA) — President Li Teng-hui has approved a major military shakeup which involved the changes of some high-ranking officers, including vice national defense minister and Army commander-in-chief, the Military Spokesman Office said on Friday [21 June].

The reshuffle will become effective on July 1.

Army General Wang Wen-hsieh, 63, will succeed Army General Chao Chih-yuan as vice defense minister. Chao will be named strategic advisor to President Li.

Wang, a graduate of Chinese Military Academy, has served as chief of staff of Army General Headquarters, general director of the Inspection Department under the Ministry of National Defense (MND) before he assumed the post of commander-in-chief of the Combined Service Force in 1993.

The post vacated by Wang will be filled by Army General Ting Chih-fa, 62, currently general director of the MND Inspection Department.

Army General Li Chen-lin, 62, Army commander-in-chief, will succeed Army General Cheng Pang-chih as president of the Armed Forces University. Cheng will be appointed a strategic advisor to the President.

Since his graduation from the Chinese Military Academy, Li has served as a division commander and commandant of the Kinmen Defense Command.

Lt.-General Tang Yao-ming, 57, currently deputy Army commander-in-chief, will be promoted as Army General and Army commander-in-chief.

Also involved in the shakeup will be the deputy commander-in-chief of the Combined Service Force, president of the Chinese Military Academy, commandant of Armed Forces Police Command.

Taiwan: DPP Chief on Government-Legislature Deadlock

OW2106153396 Taipei LIEN-HO PAO in Chinese
17 Jun 96 p 2

[Report by LIEN-HO PAO reporters Chen Suling (7115 4790 3781) and Li Hsin-hung (2621 0207 1347)]

[FBIS Translated Text] The Seventh Congress of the Democratic Progressive Party [DPP] completed the reorganization of its central power yesterday. Hsu Hsin-liang, who, before being elected, had stressed the party chairman's position and who had said that he would not decline the responsibility, won the final victory. He will lead the DPP to step into the most challenging two years ahead. On the current deadlock between the parties not in power and the Presidential Office, Hsu Hsin-liang stressed, when he was interviewed yesterday, that faced with a paralyzed government, if Li Teng-hui is sincere in entering into party-to-party cooperation and if the DPP still continues to reject the offer, then the responsibility should lie with the DPP. He believes that "Li Teng-hui cannot administer the country by only interpreting the Constitution," adding that no other mechanism can solve the current problem except party-to-party cooperation.

The following is the content of the interview:

[LIEN-HO PAO] Currently, the parties not in power and the Kuomintang [KMT] are in a state of deadlock

over the approval of the cabinet chief. This may be the first problem you face after you assume the DPP chairmanship. What are your views on this problem?

[Hsu] The current deadlock is very clear. The KMT cannot administer the country well if it refuses to cooperate with the DPP. The Legislative Yuan's current state explains everything. This is an objective fact that cannot be denied. The problem is whether or not President Li Teng-hui understands this objective fact and whether or not he sincerely faces it.

If Li Teng-hui is not sincere in promoting party-to-party cooperation, the responsibility does not lie with us because the initiative is not in our hands. If this is the case, the DPP may be able to continue adopting the method of resistance to render the Legislative Yuan useless. The problem is how the people will view the paralyzed government.

Another situation is: How should the DPP respond if Li Teng-hui is sincere in solving the issue? If the DPP continues to reject the offer, the responsibility will lie with the DPP. Moreover, this will do great harm to the DPP because the DPP and KMT are contending for the support, not the detestation, of the people of Taiwan. The DPP should respect the people's wishes. The party's interests should not be higher than the people's interests.

[LIEN-HO PAO] Do you mean to say that if the KMT seeks cooperation with the DPP, the DPP should accept the offer, and even if the KMT is forced to reorganize the cabinet and invite the DPP to join the cabinet, the DPP should accept the offer?

[Hsu] Yes. The DPP used to stick to many set positions in the past, and it really is not easy to suddenly change the habit. However, a leader should earnestly seek inner-party consensus. In my opinion, this will not be very difficult because the DPP is more mature than before. Moreover, in the past, we had misgivings because we had no experience regarding cooperation among political parties. Once we have the experience, party cooperation will not be a problem.

It can be seen that the ruling party itself cannot effectively administer the country and that there will be certain chaos. Li Teng-hui cannot administer the country by only interpreting the Constitution. No other mechanism can solve the current problem except party-to-party cooperation.

[LIEN-HO PAO] Some party members have criticized the DPP by saying that the DPP does not sufficiently understand the Chinese Communists and that the DPP does not wish to understand them. Will you be able to adjust the DPP's cross-strait policy? What are your views regarding cross-strait problems?

[Hsu] The DPP really had some prejudices in its cross-strait policy in the past. That is why it could not deal with cross-strait relations in a practical manner. It is necessary for the DPP to earnestly reconsider cross-strait issues.

In simple terms, my view about cross-strait relations is that we should try our best to avoid handling political issues. There is no need to be too eager about a meeting between the leaders of the two sides, because any contact may worsen cross-strait relations if we are not cautious. In economic matters, we should go all out to promote economic development, allowing the market mechanism to operate freely.

[LIEN-HO PAO] Will you tell us about the process of contention in the party chairman election and your frame of mind during the process?

[Hsu] I will talk about this later. Today, it is not convenient for me to say any more about the election.

Taiwan: Relaxed Regulations on Visits by PRC Businessmen Approved

OW2406110596 (Internet) Taiwan Central News Agency WWW in English 0843 GMT 24 Jun 96

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, June 24 (CNA) — The Mainland Affairs Council (MAC) Monday [24 June] approved a relaxed package of regulations governing visits by Mainland Chinese business officials and private figures, officially lowering the threshold for such visits to further strengthen cross-strait business and trade exchanges.

Under the relaxed regulations, deputy factory managers, deputy company managers, and department directors are allowed to visit Taiwan. Currently, only top executives of a business firm who work for the company for more than one year are eligible.

The relaxed measures would allow mainland employees in Taiwan-invested companies to receive job training in Taiwan.

It would allow Taiwan companies with capitalization of NT [new Taiwan] \$10 million, or having made investment worth over US\$300,000 on the mainland to invite mainland business executives or senior technicians to visit Taiwan, down from NTS30 million and US\$500,000, respectively.

It also would allow Taiwan visits by business executives or senior technicians from mainland companies which do more than US\$600,000 in annual business with Taiwan companies, down from the current US\$1 million.

Taiwan industrial and trade associations at regional, provincial or city levels may also extend invitations to mainland business figures. Currently, only associations of national level are eligible.

MAC also relaxed restrictions on visits by Mainland Chinese businessmen residing overseas—cancelling the requirement of four years of overseas residence.

Each of the Taiwan visit by mainland businessmen or technicians should not exceed one month, and the length of job training should be no longer than three months, according to the regulations.

Taiwan: KYODO Cites Paper on North Korean Official's Visit

OW2306100496 Tokyo KYODO in English
0942 GMT 23 Jun 96

[FBIS Transcribed Text] Hong Kong, June 23 KYODO — A high-ranking North Korean official is currently in Taipei to discuss Pyongyang's request for some 10 million dollars in humanitarian aid to alleviate the country's food shortage, a Taiwan daily reported Sunday [23 June].

Yi Song-nok, a vice chairman of North Korea's External Economy Commission, arrived in Taiwan on Friday, the mass circulation United Daily News [LIEN-HO PAO] said.

It is the first visit to the island by a senior North Korean official.

Taiwan: CNA Reports Visit of DPRK Trade Official to MOEA

OW2406124296 (Internet) Taiwan Central News Agency WWW in English 1217 GMT 24 Jun 96

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, June 24 (CNA) — Yi Song-nok, chairman of the North Korean International Trade Promotion Committee, paid a courtesy visit to the Ministry of Economic Affairs [MOEA] on Monday [24 June] and was quoted as encouraging local businessmen to schedule charter flights to Pyongyang to explore business opportunities there.

Yi, who is visiting Taiwan at the invitation of a Kuomintang-owned firm, arrived at the MOEA in the afternoon. He was greeted by MOEA Vice Minister Sheu Ke-sheng, and the two talked for about 30 minutes.

Yi was quoted afterward as encouraging local businessmen to come to North Korea in person to inspect the investment environment.

Sheu said that he offered to help North Korea organize an official investment-promotion seminar in Taipei to help attract local investors.

But Sheu denied that the discussion raised the issues of Taiwan rice aid to North Korea, the exchange of liaison offices, or economic cooperation.

Taipei and Pyongyang do not maintain diplomatic relations.

Yi is the first North Korean official to visit Taipei since 1991, when the ROC [Republic of China] lifted its ban on direct trade with communist countries other than Mainland China.

Reports have said that Pyongyang, a close ally of Beijing, has asked Taipei for aid to ease its food shortage in exchange for possible diplomatic contacts.

Taiwan: U.S. Lockheed Martin To Sell C-130 Aircraft, Boost Industry

OW2406082296 (Internet) Taiwan Central News Agency WWW in English 0749 GMT 24 Jun 96

[By Flor Wang]

[FBIS Transcribed Text] Taipei, June 24 (CNA) — Military cooperation between the Republic of China and the United States took a giant step as the US-based Lockheed Martin Corp. has agreed to sell four more C-130 cargo planes to Taiwan, according to the Committee for Aviation and Space Industry Development.

The purchase, part of the ROC Air Force's efforts to phase out its aging planes, is worth more than US\$200 million, the committee said, noting that the Air Force may buy more C-130s in the future to beef up its combat readiness. The Air Force currently has 12 C-130s.

In addition, Lockheed Martin also reached an agreement with the Ministry of Economic Affairs to form an US\$87 million technology cooperative venture, under which the US aircraft maker will transfer comprehensive engine and system maintenance technology as well as computer software and key parts know-how to the Air Force.

The cooperative pact, which will be signed in mid-July, is expected to give a boost to the Taiwan's aviation industry and its aircraft maintenance capability, the committee said.

The committee noted that the Ministry of Economic Affairs and the Ministry of National Defense have plans to transfer military aircraft maintenance technology to the private sector, which it said will help Taiwan become a maintenance center of military planes in the Asia-Pacific region.

Taiwan: U.S. Company To Help Efforts To Enter United Nations

OW2106152796 Taipei LIEN-HO PAO in Chinese 18 Jun 96 p 4

[By reporter Chou Te-hui (0719 1795 1920): "Kuomintang Business Management Committee Will Renew Contract With U.S. Cassidy Company To Support Taiwan's Admission Into International Organizations"]

[FBIS Translated Text] Taipei — The Taiwan Comprehensive Research Institute under the leadership of Liu Tai-ying, chairman of the Kuomintang Business Management Committee, has decided to renew its contract with the U.S. Cassidy Company at an annual cost of \$1.5 million. The work target designated by Liu Tai-ying for Cassidy in the coming year is to help Taiwan enter international organizations, focusing on the United Nations, the WTO, and the IMF.

Liu Tai-ying simply replied "no" to the question of whether the committee would promote President Li Teng-hui's U.S. visit again.

This is the third year of cooperation between the Comprehensive Research Institute and Cassidy. To help Taiwan expand its international arena, the institute has injected a total of \$4.5 million (equivalent to new Taiwan \$120 million).

The most notable point in the past cooperation between the institute and Cassidy was initiating contact with the U.S. Congress to make President Li Teng-hui's U.S. visit happen. However, Cassidy's move subsequently aroused repercussions among U.S. executive departments, at one point causing the U.S. Department of State to restrain from holding a dialogue with Taiwan institutions in the United States. Former Foreign Minister Chien Fu also criticized Cassidy's move.

Liu Tai-ying yesterday disclosed that the institute had signed a contract with Cassidy at an annual cost of \$1.5 million.

On Cassidy's future work focus, Liu Tai-ying pointed out that it will continue to maintain balanced communications with U.S. executive and legislative departments to prevent the recurrence of "legislative departments forcing executive departments."

Liu Tai-ying further revealed that, in future, Cassidy will help Taiwan in an "omnidirectional manner" to enter international organizations. Apart from entering the United Nations, Taiwan's admission into the WTO also brooks no delay, because this is closely related to Taiwan's international market competitiveness. In addition, admission into the World Bank and IMF will also help Taiwan expand its international arena. These are Cassidy's work targets.

Hong Kong

Hong Kong: Top 'Shanghai' Trio for Hong Kong Post Possible

HK2406043896 Hong Kong SOUTH CHINA
MORNING POST in English 24 Jun 96 p 1

[By staff reporters]

[PTS Transcribed Text for FBIS] Beijing is considering at least three candidates to represent the State Council in Hong Kong after the handover.

Top of the Politburo shortlist are Shanghai Mayor Xu Kuangdi, the party's Vice-Secretary in Shanghai Chen Liangyu and Governor of Hainan Ruan Chongwu.

Sources in Beijing said selection had entered its final stages, but more candidates could yet be considered.

Perhaps reflecting the predominance of the so-called Shanghai Faction in Chinese politics, all three have connections with the east China metropolis.

Mr Ruan, who is also party boss of Hainan, served in Shanghai as party secretary and vice-mayor from 1978 to 1985.

It is believed that President Jiang Zemin and Vice-Premier Zhu Rongji, both old Shanghai hands, supported the nomination of Mr Xu and Mr Chen.

Mr Ruan, a former minister of public security, has the support of premier Li Peng.

According to usual practice, a majority decision by the seven-member Politburo Standing Committee will settle the appointment.

Mr Xu, 59, a protege of Mr Zhu, is a reformer highly regarded by foreign businessmen and diplomats. But in the past two years he has been at loggerheads with the Shanghai party boss and Politburo member Huang Ju, and his transfer to Hong Kong is considered one way of resolving the problem.

Mr Chen, in his early 50s, is a protege of both Mr Zhu and President Jiang.

A vice-party secretary of Shanghai since 1992, Mr Chen is in charge of organisation, personnel and party affairs.

A former head of Shanghai's Huangpu District, Mr Chen spent a year studying and training in Britain and Europe in the early 1990s.

Generally considered a liberal reformer, Mr Ruan, 63, was one of the first cadres considered for the job.

But sources said the head of China's largest special economic zone would prefer a move back to Beijing.

The tasks of Beijing's representative will include co-ordination between the Special Administrative Region and the central authorities; checking on the activities of Chinese corporations in the territory; and ensuring that the interests of the Chinese Communist Party and central Government are served.

It is understood that Beijing has yet to decide on the title for its Hong Kong representative. The position will carry the rank of minister or state councillor.

Beijing's top local officials, Hong Kong and Macao Affairs Office Director Lu Ping, and the Director of the Hong Kong branch of Xinhua (the New China News Agency), Zhou Nan, are due to retire soon after the handover.

Analysts said it was logical that Beijing should look to leaders of the coastal cities and economic zones to fill the position.

Hong Kong: XINHUA Reports Zhou Nan Expects More Cooperation From UK

OW2406112396 Beijing XINHUA in English
1051 GMT 24 Jun 96

[FBIS Transcribed Text] Hong Kong, June 24 (XINHUA) — Zhou Nan, director of XINHUA News Agency Hong Kong Branch, said that he expects more cooperation from the British side in the remaining days before Hong Kong's handover.

In an interview with TIME magazine last week, Zhou said that the Sino-British relations have been improving in the past year and this momentum should be continued.

He said if the two sides stand higher and look farther into the next century, they will find that they have many common interests.

He said, "I am still nostalgic about my many happy moments as leader of the Chinese delegation from 1982 to 1984 when China and Britain negotiated over the Hong Kong issue."

"We had quarrels and differences, but all those have been settled in the spirit of mutual understanding," he said.

"Honestly, when I was first sent to Hong Kong from Beijing, I was expecting very cordial and friendly cooperation with my counterpart. I did not expect their change of mind and policy."

But, he said, that is in the past. "Let's look forward to the future. It is my sincere hope that in the 300 or so days before Hong Kong's handover we will have less trouble with the British and more cooperation. I hope a

happy beginning will lead to a happy ending, although in between there may be twists and turns."

Hong Kong: XINHUA Cites Zhou Nan on Freedom, Democracy After Reversion

OW2406103196 Beijing XINHUA in English
0954 GMT 24 Jun 96

[FBIS Transcribed Text] Hong Kong, June 24 (XINHUA) — Hong Kong residents will enjoy more democracy and freedom, not less, than in the past, said Zhou Nan, director of XINHUA News Agency Hong Kong Branch.

In an interview with TIME Saturday [22 June], Zhou said that the Basic Law has given adequate guarantees to such questions as freedom of the press, human rights and democracy, so there is no need to worry about this.

He said that in the past more than 100 years Hong Kong has been ruled by the British Governor, and there was absolutely no democracy to speak of. It was after the signing of the Sino-British Joint Declaration that the question of introducing democracy in Hong Kong began to be considered.

He pointed out that there is an Article 23 in the Basic Law, which bans any act of treason, secession, sedition and subversion against the central government. There is nothing strange about it, he stressed, because articles of this kind can be found in the laws of any sovereign state.

Talking about the freedom of assembly in Hong Kong after 1997, Zhou said that the Basic Law has also given clear guarantees that Hong Kong people will not have restrictions on freedom of assembly. On this point the future Special Administrative Region (SAR) will enact laws on its own to implement the requirements and spirit of Article 23 of the Basic Law.

"We should have full confidence in the wisdom of the Hong Kong people," he said, adding that Hong Kong people have demonstrated such wisdom in the management of the economy, and they can do as well in the management of the politics.

Hong Kong: Further on Zhou Nan Interview on Hong Kong's Future

OW2406111496 Beijing XINHUA in English
1037 GMT 24 Jun 96

[FBIS Transcribed Text] Hong Kong, June 24 (XINHUA) — Zhou Nan, director of XINHUA News Agency Hong Kong Branch, said he is very optimistic about Hong Kong's future after 1997.

In an interview with TIME magazine last weekend, Zhou said that he believes that the principle of "one country, two systems" will be fully implemented, and Hong Kong will become increasingly prosperous and stable.

Zhou said a recent opinion poll showed that the great majority of people in Hong Kong are optimistic about its continued stability and prosperity, he said.

A large number of foreign firms including those from the United States have increased their investments and more than 800 regional headquarters or foreign offices have been opened in Hong Kong in the past five years, he said.

He said that Hong Kong needs the Chinese mainland and vice versa. Hong Kong had been a free port for over 100 years, but in quite a long time, it was not prosperous. Hong Kong's prosperity in the past two or three decades benefited from China's reforms and opening.

He said that China needs Hong Kong as a window and a bridge to the outside world and its determination to implement the principle of "one country, two systems" confirms to its fundamental interests.

He said, "How can you imagine the Chinese people doing anything unfavorable to China's interests?"

On Hong Kong's transition, Zhou said, "I do not foresee much trouble because all conditions are favorable. If there is any trouble, it won't be the making of China."

He noted that he is confident of Hong Kong's transition, adding, "Let us witness together the concept of 'one country, two systems' becoming a reality."

Hong Kong: Patten Stresses Importance of Democracy for Future

LD2306114596 London THE SUNDAY TELEGRAPH
in English 23 Jun 96 p 24

[Article by Ivo Dawday: "One Year and Counting"]

[FBIS Transcribed Text] On July 1 1997, Red China takes control of Hong Kong. Governor Chris Patten tells Ivo Dawday why only democracy can preserve the territory's golden fortune.

Playing tennis with Chris Patten is a Chinese torture. On the sweltering courts in Hong Kong's Government House garden, His Excellency eschews risky shots, double faults or top spin and plays a strict safety-first, percentage game.

The first impression is that he is easily beatable. But the Governor's relentless return as often as not drives

frustrated opponents into defeating themselves with unforced errors.

Given his tennis, it is all the more surprising that, in the big grudge match with China, Mr. Patten is frequently attacked as unreasonable and provocative — the perpetrator of a series of unforced errors for which Hong Kong is already paying a heavy price.

Yet after a lengthy interview with the Governor, one is left with the impression that China's McEnroe-style tantrum may not in the end deliver Beijing the results it wants — an affluent and compliant Hong Kong.

In the long game, well past next year's July 1 handover, Mr. Patten's dogged championing of democratic pluralism may be the factor that helps Hong Kong remain what many regard as capitalism's greatest showpiece.

But now, however, nerves are frayed and the outlook is bleak. With just a year to go before the handover, the tension is as quietly perceptible as the ticking clocks in the Rolls-Royces that clog Hong Kong's all-but gold-paved streets. In a world that combines the banal certainties of the Royal Mail and afternoon tea with the heady thrills of international financial markets, there is a distinct whiff of anticipated nostalgia in the air.

Arriving in the skyscraper city-state today, one is assailed almost daily with ominous portents. An embarrassingly public row between the business side and the Governor, for example has just ended after the Prime Minister, John Major, was forced to rally to his old friend's defence.

Barely had that died down than the territory's 6 million citizens were reeling at a statement by Lu Ping, director of Beijing's Hong Kong and Macau Affairs Office and the Chinese official charged with responsibility for Hong Kong. In a throwaway remark, Mr. Ping made it clear that China would restrict press freedom from 1997: newspapers would no longer be able to advocate independence for Hong Kong or Taiwan.

Mr. Patten immediately responded by telling local journalists that such restraints would be a clear breach of the solemn understandings China had given on preserving a free press — "No ifs, no buts".

No such steely resolve was to be found in Hong Kong's English-language house journal, the SOUTH CHINA MORNING POST, which has recently been acquired by a pro-Beijing tycoon. Its mealy-mouthed editorial on the controversy meekly accepted the directive.

Jonathan Fenby, late of THE OBSERVER and now the POST's editor, justified his newspaper's low-key response by adopting the equivocal stance much favoured by the world of business. "The line is very fine between

finding a way of dealing with the reality that is going to happen and appeasement," he said. "We all live under the shadow of Munich."

Given this fevered atmosphere, one might imagine that the presence of a vigorous governor championing Hong Kong's rights would act as balm to nervous souls.

Far from it. Mr. Patten's presence in the territory has only served to intensify passions. And nothing is more likely to drive Hong Kong's ruling elite into the pro- or anti-Patten camps than the Governor's determination to widen the franchise for the Legislative Council (Legco).

Without such a provocation, China's apologists insist, Beijing would not have felt obliged to create an unelected "Provisional Committee" — thereby abandoning the jointly agreed plan for an institutional "throughtrain" bridging both regimes.

By acting to save Britain's face, the argument goes on, the Governor has unwittingly condemned Hong Kong to even less democracy than it until then enjoyed.

"Patten has failed to realise that he has no cards to play," is the widely-held view of the capitalist-pragmatist tendency who lunch in the Hong Kong Club. "The Chinese are taking over and that is the reality we have to live with."

That is one view. Another, put by the austere, hot-water drinking Martin Lee QC is that those expressing such opinions are little short of collaborators and Quislings. The Catholic leader of the Democratic Party, who won a resounding victory in last year's Legco elections, has his own gripe with the Governor, however.

Instead of tinkering at the edges, Mr. Lee argues, Mr. Patten should have gone the whole hog for a one-man, one-vote Legco, then defied the Chinese to brave world opinion and dismantle it.

Caught between the rocklike Mr. Lee and the hardfaced business elite, it is perhaps not surprising that the shady verandas and clipped lawns of Government House, surrounded by soaring office blocks, feel a little like a luxury prison. Currently, London and Beijing are in a total stand-off on Legco, with Malcolm Rifkind, the Foreign Secretary, describing the plan for an unelected body as "reprehensible and unjustifiable". Even the ceremonial protocol for the handover is in dispute.

It looks like a mess. It is a mess. But it is hard to see how, given China's histrionic behaviour, the blame can all be levelled at the Governor. Nor is Mr. Patten in any mood to shoulder it. His responses to the charges against him are both defensive and combative, and all the shots come back over the net.

Time and again, he returned to Britain's moral responsibilities in the unique circumstances of disengaging from a territory that is set to come under a regime with, to put it diplomatically, very different value systems. And for a religious politician, fighting the moral case seems at times to have been a personal, lonely and poignant duty — almost verging on a crusade. "More than in any other job I have had in politics," he said at one point, "moral considerations come up again and again."

Chris Patten concedes that the course he has had to steer between the "pragmatists" and democrats has at times been "uncomfortable". But he is adamant that he has done the "bare minimum" required for Britain to quit its last imperial possession with a measure of self-respect, honouring to the letter the commitments made to the colony in the 1984 Joint Declaration — but not exceeding them.

"What has caused the problem is the principles not the approach," he insists, accusing those who claimed to support his goals, but not his methods, as indulging in "a major cop-out".

"Sooner or later it comes down to: 'Do you actually believe that Britain should do what it promised the people of Hong Kong or not?' I don't think we could conceivably have left Hong Kong with a shred of dignity, decency or honour if people had legitimately been able to argue that we had reneged on the promises we made."

What was the alternative? "Maybe it was a quieter life with China, but would that have meant a quieter life for Hong Kong?" he asks, implying that Britain might have had much worse trouble with the democracy movement than with Beijing if his reforms had been more modest.

But what of some business leaders' implicit charge that he had let the democratic genie out of the bottle — a genie that had been successfully repressed by the British colonial authorities for some 140 years? The Governor was contemptuous. Democracy had been fought for long before his arrival, he replied. Now some who had demanded it in 1989 appeared to have abandoned it in favour of a quieter life with China.

"For many people there appears to be a sort of moral equivalence between Chinese officials attacking the concepts and attributes of a plural society and us defending them, which I think is astonishing."

Warming to his theme, he continues: "If I don't stand up for Hong Kong, who is going to? And if I don't, how can we expect others to before 1997 or after. What I refuse to do is be party to chloroforming debate in Hong Kong or chloroforming international interest in Hong Kong."

Both things would be damaging to its interests and its prospects."

So what of Hong Kong's prospects? The Governor pauses. So long as China recognises the inherent value of the extraordinary golden goose that it will inherit, the long-term outlook is good. But that requires careful conservation of the delicate political ecology — British style administration and Chinese enterprise — that has made it the world's eighth largest trading nation with a per capita GDP of 17,000 a year: higher even than Britain's.

Out in the teeming streets, at the Happy Valley race-track, on the immaculate underground or in the well-heeled queue for the Mandarin Hotel's cake shop, the mood seems more unsure.

As the calendar for the 365 day-countdown begins next Monday, everyone is aware that another Tiananmen-like showdown on the mainland could see half a million of Hong Kong's brightest and best disappear from Kai Tak airport.

It is that ever-present threat that might ensure that Patten's long game could yet come off — but not even he is more than diplomatically confident that all will be well. "What is history going to write?" he reflected rhetorically towards the end of the interview. "I doubt very much in five years time that people will say 'Patten did too much'."

Hong Kong: JLG Experts Reach Consensus on Drafting Budget

OW2406115196 Beijing XINHUA in English
1137 GMT 24 Jun 96

[FBIS Transcribed Text] Hong Kong, June 24 (XINHUA) — Experts from the two sides on the Sino-British Joint Liaison Group (JLG) today reached consensus on the principles for drafting Hong Kong's budget for fiscal year 1997-98.

At a news briefing on the ninth JLG experts meeting on Hong Kong budget for the transition period, Chen Zuo'er, Chinese JLG representative, said that both sides also reached consensus on the work mode of the drafting and the approval procedures.

Chen said that he hoped the two sides would continue to cooperate so as to ensure a smooth transition for this particular budget.

According to Chen, after discussions at previous three experts meetings, the 36th JLG plenary meeting in London early this month and the experts discussions over the past two days, the two sides reached some consensus and entered a phase of joint drafting.

He said that the future government of the Hong Kong Special Administrative Region (SAR) enjoys a high degree of autonomy and the Hong Kong SAR government will draft the budget by itself. The central government will not participate in it, he added.

He said he believes as long as the two sides continue to make concerted efforts in the spirit of the Sino-British Joint Declaration on the Question of Hong Kong, there will be a smooth transition for the particular budget.

Hong Kong: Chairman Says Hong Kong To Maintain Favorable Conditions

OW2106154296 Beijing XINHUA in English
1326 GMT 21 Jun 96

[FBIS Transcribed Text] Hong Kong, June 21 (XINHUA) — Japanese businessmen will enhance their presence in Hong Kong in the years to come, said Yoshiaki Ishii, chairman of the Japanese Chamber of Commerce and Industry in Hong Kong.

In an interview with XINHUA, he said that Hong Kong has many favorable conditions to Japanese businessmen and he believed that the conditions will be maintained beyond 1997.

According to the chamber, the number of Japanese firms which invested in Hong Kong has since 1988 increased at an annual rate of 14.5 percent. In 1994, the number rose to 2,197.

By 1995, total investment from the Japanese firms had reached 14.28 billion US dollars, accounting for 2.9 percent of Japan's overseas investment.

In tourism sector, he said, Japanese visitors to Hong Kong came to 1.69 million in 1995, accounting for 16.6 percent of total visitors here.

Yoshiaki Ishii said that Japan and Hong Kong have formed very close business ties and Japanese firms have achieved remarkable progress in their business here.

He said that Hong Kong's attractiveness lies in its convenient geographic location to China.

In fact, he said, many of the Japanese companies stationed in Hong Kong are aiming at the vast China market.

He said that Japanese businessmen also favor Hong Kong's free economic frame including people's free entry and departure, free circulation of funds and no tariffs on most of the commodities.

He said that Hong Kong also has fine infrastructure facilities involving telecommunications and communications, airport and container ports.

He said that in the past, only large-sized Japanese companies came to do business in Hong Kong, but in recent years, lots of medium- and small-sized firms have also come to invest because Hong Kong's appeal to Japanese businessmen is on the increase.

He said that after 1997 when Hong Kong returns to China, Hong Kong will continue to be an important international economic center and Japanese companies will attach more importance to their development in Hong Kong.

Hong Kong: Chairman Says 1997 To Begin New Era for Hong Kong

OW2306023696 Beijing XINHUA in English
0124 GMT 23 Jun 96

[FBIS Transcribed Text] Hong Kong, June 23 (XINHUA) — Hong Kong's success results from the contributions of millions of Hong Kong people working hard and working together, and 1997 represents a new era for Hong Kong, said Henry Cheng Kar-shun, chairman of Advisory Council of the Better Hong Kong Foundation.

Delivering a speech to the Foreign Correspondents' Club on Friday, Cheng said that Hong Kong people's hard-working spirit has made Hong Kong an excellent place to raise a family and build a life and that spirit will endure and grow stronger in the years to come.

"It is unfortunate that many people have become so myopic about 1997," he said, "This count down heightens our concerns and worries. Instead of looking at 1997, we should be embracing it. We should be counting up. It's a state of mind."

He said that 1997 should not be a date to focus on, but one well into the 21st century.

Talking about the establishment of the foundation, he said: "We came together because not only do we have businesses in Hong Kong but Hong Kong is our home. It is also the home of millions of others. We will continue to be based in Hong Kong. It is a vibrant and unique community and we wish to see Hong Kong and all its people continuing to be rewarded for their communal effort."

He said that members of the foundation play an integral role in the fabric of daily life in Hong Kong and have a strong stake in building Hong Kong's strong sense of community. After 1997 community life will be evolving, not ending.

"We don't only say that we are confident in Hong Kong's future, we've put hard cash on the table in the form of investments to demonstrate that we believe that our confidence will be translated into good returns

for our shareholders, good opportunities for the many thousands of people we employ and, of course, good for the economy and the community overall."

He said that not only have businessmen invested in the future of Hong Kong but Hong Kong is also the largest investor in the Chinese mainland.

It is a matter of record that the degree of integration between the Chinese and Hong Kong economies is much further down the road than any other form of integration — two thirds of China's overseas investment comes from Hong Kong, and the bulk of China's export growth is channeled through it, he said.

He pointed out that the Hong Kong business community has invested heavily in China for very good reasons — Hong Kong business people are confident that Hong Kong and their companies will develop alongside the growth in the Chinese economy as a whole.

"We are here for the long term and we are still investing heavily.

"I fail to understand why some people are so ready to write off the future of Hong Kong. And I fail to understand why no logical connection is made between the hard headed decisions of the business community to invest in both Hong Kong and the Chinese mainland," he stressed.

The Better Hong Kong Foundation was established last year by a group of noted figures from Hong Kong's business community.

Hong Kong: Spokesman Says Mainland People Will Not Rush Into Hong Kong

OW2306061696 Beijing XINHUA Domestic Service in Chinese 0807 GMT 22 Jun 96

[FBIS Translated Text] Hong Kong, 22 Jun (XINHUA) — A spokesman of the Hong Kong Branch Office of the XINHUA NEWS AGENCY recently pointed out that there will not be a problem of mainland people rushing into Hong Kong in large numbers now or after 1997.

The mass media in Hong Kong recently reported that some people have suggested that the government of the Hong Kong Special Administrative Region [SAR] should declare an amnesty for "illegal" residents in Hong Kong on the day of Hong Kong's return to the motherland. When asked by Hong Kong's news circles, the spokesman for the XINHUA Hong Kong Branch Office said that he had never heard of such an idea. The spokesman emphatically said that, according to the policy of "one country, two systems" and the stipulations of the Hong Kong Basic Law, the internal affairs of the Hong Kong SAR must be decided by the

government of the Hong Kong SAR. People should not believe all gossip.

As to the question of people coming to Hong Kong with round trip certificates, the spokesman pointed out that the Chinese Government has set strict procedures for the examination and approval of the issuance of such documents.

Hong Kong: China Ally Warns on Doubts About Tung for SAR Post

HK2406054696 Hong Kong SOUTH CHINA MORNING POST in English 24 Jun 96 p 4

[By May Sin-Mi Hon and Louis Won]

[PTS Transcribed Text for FBIS] A post-handover chief executive closely associated with a particular business group would encourage suspicions of favouritism, Preparatory Committee member Tsang Yok-sing warned yesterday.

He appeared to be suggesting that Tung Chee-hwa, Vice-Chairman of the Preparatory Committee, was not an appropriate person for the post.

Mr Tung, seen as China's favoured candidate, is chairman of Orient Overseas Container Lines. He is said to have the support of Cheung Kong tycoon Li Ka-shing.

In RTHK's Letter to Hong Kong, Mr Tsang said the business community considered the choice of the chief executive crucial for maintaining a level-playing field.

People took it for granted that under a British colonial government all businesses were treated as equals, but British hongts were more equal than others, Mr Tsang said.

"[But] when it is 'Hong Kong people ruling Hong Kong', investors will not be as willing to tolerate any favouritism on the Government's part whether towards the British, the Chinese or any local businessmen."

He added: "It will be impossible to avoid suspicions of favouritism if the head of the Special Administrative Region government is closely associated with a particular business group."

Mr Tsang backed an early appointment of the chief executive-designate saying it would dispel some of the "most tormenting" uncertainties about the change of government. He also suggested the Preparatory Committee work quickly to decide how to form the Selection Committee which would pick the chief executive and the Provisional Legislature.

Mr Tsang said it was planned to have the chief executive chosen by the end of this year. But the Preparatory

Committee was unable to lay down rules for the formation of the Selection Committee until the middle of August. That would leave less than four months to form the Selection Committee and choose the chief executive.

Fellow Preparatory Committee member Allen Lee Peng-fei yesterday said the Committee should also look at arrangements for the district boards and municipal councils which China will dismantle at the handover.

Mr Lee said the Committee should start discussing the arrangements after finishing its work on the Selection Committee.

A candidate for chief executive should have the support of at least 50 Selection Committee members, and the list of their supporters should be made public, he said.

Hong Kong: Guangdong Governor on Hong Kong Cooperation

OW2206062296 Beijing XINHUA Hong Kong Service in Chinese 0715 GMT 18 Jun 96

[Interview with Guangdong Governor Lu Ruihua by reporter Shi Meisi (0670 5019 3128): "Local Political Leader Discussing Cooperation With Hong Kong: Guangdong has an Unshirkable Responsibility in Maintaining Hong Kong's Prosperity and Stability"]

[FBIS Translated Text] Guangzhou, 18 Jun (XINHUA) — Editorial note: On the eve of one year from the return of Hong Kong, Beijing XINHUA Hong Kong Service, starting today, will publish a daily special column on local political leaders discussing cooperation with Hong Kong. Ten articles are scheduled to be published, and each article will be more than 1,000-characters long. The following is the first of them. Reporter Shi Meisi said that in the recent exclusive interview with the Beijing XINHUA Hong Kong Service reporter, Guangdong Governor Lu Ruihua said Guangdong will play a very positive role that no other province can play in making more and greater contributions to ensuring Hong Kong's smooth transition and maintaining its long-term prosperity and stability.

Lu Ruihua said: This is Guangdong's unshirkable responsibility. People of Guangdong's academic, theoretical, and economic circles have actively studied in depth the issue of how to make more contributions to Hong Kong.

He stressed: After China regains sovereignty over Hong Kong, the relationship between Guangdong and Hong Kong will still be that of two localities of different systems. Guangdong should constantly pay attention to the differences between the two localities concerning the systems, the ways of thinking of the people, and the

lifestyles of the two localities; and should respect these differences, Hong Kong's high degree of autonomic power, and its economic, social, and cultural characteristics. We should do our work strictly according to the Basic Law and the spirit of one country, two systems. At the same time, both Guangdong and Hong Kong should do work according to market and economic law and international practice.

Governor Lu Ruihua, who took office last February, is a native of Guangdong's Chaozhou. He has worked in Guangdong ever since he finished his graduate study in physics in the Zhongshan University. He has an in-depth understanding of the history and current situation of Guangdong-Hong Kong relations, and knows in detail the current situation and results of cooperation between the two localities. He said: As of the end of last year, Guangdong had made use of \$53 billion in foreign funds, of which \$39.9 billion, or 75.39 percent, is from Hong Kong. Guangdong's exports have ranked first among all provinces for 10 years straight, and this has been possible because of Guangdong's proximity to Hong Kong. Over the last 5 years, Guangdong's exports have amounted to \$204.7 billion, of which 51.76 percent have been exported to Hong Kong. Guangdong currently has more than 30,000 of the three kinds of enterprises that are either partially or wholly foreign-owned and that have been put into operation, and has more than 20,000 enterprises engaged in the three forms of import processing [processing of imported materials, assembling of imported parts, making products according to imported samples] and compensation trade. More than 70 percent of the factories of Hong Kong's manufacturing industry have moved to Guangdong.

Lu Ruihua pointed out: Currently, economic cooperation between Guangdong and Hong Kong has expanded from ordinary processing industry to trade; financial affairs; securities market; infrastructural construction; high-yield, high-efficiency, and high-quality agriculture; new- and high-technology industry; and other fields. The level of cooperation has continued to rise, financially benefiting the two localities. At the same time, cooperation and exchange between the two localities in science, literature and art, sports, social security, and other fields have also become increasingly frequent. In particular, the police of the two localities have cooperated and performed outstandingly in cracking down on cross-border criminal activities and smuggling, and the results have been quite satisfactory.

Lu Ruihua was fully confident of the prospects for Guangdong-Hong Kong cooperation. He said: Currently, Hong Kong is in an economic transformation period — it is adjusting and upgrading its industrial structure. At the same time, Guangdong is also quick-

ening the pace of transforming its economic system and the mode of its economic growth. Therefore, the scope of economic cooperation and mutual economic complementarity between the two localities will further broaden; and this economic cooperation is bound to develop from the current relationship between a store in the front and a factory at the back to a relationship of structural and overall cooperation. He predicted that the broadened cooperation between the two localities will bring new opportunities for development to both of them, and the two localities will inject new vitality into each other's economy.

According to Guangdong's development program, at the end of the century, the province's per capita gross value of production will be eight times that of 1980, and the province will basically be modernized by the year 2010. Lu Ruihua said: Guangdong's development is bound to benefit Hong Kong and will provide Hong Kong with an excellent development opportunity. Guangdong's foreign trade is projected to increase at an annual rate of more than 12 percent in the next 15 years; this alone will enable Hong Kong to better serve as a trade center, and will ensure sustained development of its trade, financial, real estate, shipping, and other industries.

Lu Ruihua said: Over the next 5 years, Guangdong will make use of \$48.5 billion of funds from outside the province; therefore, Hong Kong will have a golden opportunity to invest in Guangdong, especially in the province's key construction projects and tertiary industry. In its current economic structural transformation, Hong Kong needs to forcefully develop new- and high-technology industry and to upgrade its industry. The vast inland market lying behind Guangdong and the province's scientific research facility and well trained personnel form a strong backing for Hong Kong's economic development.

Lu Ruihua was of the opinion that, after 1997, economic cooperation between Guangdong and Hong Kong will create an overall economic edge. He said: In the very active Asia-Pacific economic region, Guangdong's and Hong Kong's economies will develop toward unification, and the unified economy will become an important economic growth factor in the Asia-Pacific region.

In conclusion, Lu Ruihua pointed out: Guangdong and Hong Kong still need to properly coordinate and link up large infrastructural projects that connect the two localities, and should try to keep to the minimum the construction of projects that the other has constructed, in order to rationalize and modernize at an earlier date the setup of large infrastructural projects of the two localities and to form a network of projects. Guangdong and Hong Kong police should further strengthen coop-

eration to effectively crack down on coastal smuggling and cross-region crimes in order to ensure the safety of residents of the two localities and to improve the two localities' investment environments. Through various channels and by taking various effective measures, we should facilitate personnel training in the two localities and step up personnel exchanges between them, in order to turn the two localities' highly complementary human resources into an economic development force. In addition, cooperation and exchanges between Guangdong and Hong Kong in science, education, culture, sports, environmental protection, and other fields also need to be strengthened and increased, and should develop toward a higher level.

Hong Kong: Religious Affairs Authority Sends Delegation to Hong Kong

OW2306063496 Beijing XINHUA Domestic Service in Chinese 0946 GMT 21 Jun 96

[FBIS Translated Text] Hong Kong, 21 Jun (XINHUA) — A responsible person of the Religious Affairs Bureau of the State Council recently said in Hong Kong that after 1997, exchanges and relations between the mainland and Hong Kong on religious affairs will strictly observe the relevant provisions of the Basic Law, and the two sides will not be subordinate to each other, not interfere with each other, and will respect each other.

A 12-member delegation of the Religious Affairs Bureau of the State Council arrived in Hong Kong on 20 June and began its nine-day visit. Ye Xiaowen, head of the delegation and director of the Religious Affairs Bureau of the State Council, said that the delegation will follow the principle of "not being subordinate to each other, not interfering with each other, and respecting each other" in carrying out exchanges with people in the religious circles in Hong Kong in order to deepen mutual understanding and communications between the religious circles on both sides.

During its stay in Hong Kong, the delegation will carry out exchanges with the local Catholic, Confucian, Buddhist, Christian, Muslim, and Daoist groups, and will visit their monasteries, churches, temples, and subordinate institutions.

Hong Kong: Shenzhen Develops Plan To Link Economy to Hong Kong's

OW2306150396 Beijing XINHUA in English 1500 GMT 23 Jun 96

[FBIS Transcribed Text] Shenzhen, June 23 (XINHUA) — The Shenzhen Special Economic Zone in south China's Guangdong Province has worked out a plan to link its economic development with nearby Hong Kong.

The plan won the approval of economists and experts of State Council departments, in China's top governing body, and of the Chinese Academy of Social Sciences, Guangdong Province, and Hong Kong at a meeting held in Shenzhen on Thursday [20 June].

Experts agreed that linking Shenzhen's economy with that of Hong Kong will not only benefit the stability and prosperity of Hong Kong but also exert a great influence on economic growth in south China and even in China as a whole.

The plan covers a wide range of subjects on economic coordination that include transportation, port construction, energy, and water supplies for Hong Kong.

Experts said that the plan is realistic and feasible because it takes infrastructures as the basis and proceeds in an orderly manner.

They urged Shenzhen to accelerate its pace of reforms in finance and port management, and to gradually build an economy that is compatible with international practices and that will increase high-tech cooperation with Hong Kong.

Hong Kong: Most Citizens Have No Confidence in Preparatory Committee

HK2406051996 Hong Kong SOUTH CHINA
MORNING POST in English 24 Jun 96 p 4

[By May Sin-Mi Hon]

[PTS Transcribed Text for FBIS] The Preparatory Committee inspires less confidence than the Preliminary Working Committee (PWC) which it replaced, according to a new survey.

The poll by the Hong Kong Policy Viewers found that more than half the population have no confidence in the Preparatory Committee.

Ng Kwun-shing, executive council member of the Hong Kong Policy Viewers, said the lack of support was due to the committee's confidentiality rules and restrictions on press coverage.

The survey found that 56 per cent of those polled had no confidence in the Preparatory Committee.

Only five per cent of the 513 respondents expressed medium and high levels of confidence.

The performance was worse than that of the PWC the group which the Preparatory Committee superseded.

In four previous surveys conducted by the Hong Kong Policy Viewers, an average of 38 per cent of respondents said they had no confidence in the PWC.

The survey also found that 92 per cent of people would not give a pass mark to the average performance of the committee since it was set up in January. Almost 60 per cent considered the committee insufficiently representative, while only 15 per cent held the opposite view.

Just over 28 per cent said the confidentiality rule of the committee would damage people's understanding of its work. However, 17 per cent thought it would have a positive effect. Almost 66 per cent agreed the consultation channels of the committee were inadequate.

Mr Ng said: "The meetings of the Preparatory Committee are disclosed only to a small extent, so people think that they cannot participate in the game."

Professor Lau Siu-kai, a Preparatory Committee member, said the lack of confidence was due to political disillusionment. "The PWC was set up as an instrument by the Chinese side to confront the British. So people had lower expectations for it.

"However, the Preparatory Committee was set up under improved Sino-British relations and its representativeness was higher than the PWC. Public expectation about it was higher.

"When the Preparatory Committee turned out to be less transparent not consulting Hong Kong people actively ... people were disappointed," he said.

Hong Kong: Board Member Warns of 'Certain Riots' If Tai A Chau Closed

HK2406062696 Hong Kong HONGKONG
STANDARD in English 24 Jun 96 p 5

[By Marylois Chan]

[PTS Transcribed Text for FBIS] There will be "certain riots" if the government goes ahead with the transfer of Vietnamese boat people from Tai A Chau to Whitehead Detention Centre in September, a Sha Tin District Board member warned yesterday.

"They will be moving more than 5,000 people in one day," Ray Lau Kong-wah, convenor of the board's Concern Group on Whitehead Detention Centre, said.

"I'm sure there will also be riots if they move detainees from Whitehead to High Island. "We hope the Governor will involve himself and initiate a reconsideration of this matter."

Sha Tin District Board mobilised about 200 residents from Ma On Shan to petition Government House yesterday.

The government recently announced a reorganisation of Hong Kong's three detention camps.

It will close the camp on the isolated island of Tai A Chau, ending North Vietnamese detainees to High Island and those from the south to Whitehead.

Conflict between the two groups has caused friction inside camps in the past. Arriving in three coaches and 20 cars, the residents braved pouring rain yesterday to express their fear of further violence following the government's plan to keep Whitehead camp open.

Mr Lau proposed an alternative plan. "We hope that the government can finish repatriation from Whitehead and High Island first," he said. "That is the sensible and safest way as Whitehead is the camp closest to local residences and the one that has had the most trouble. The last batch should be from Tai A Chau. The detainees there have been quite peaceful as they have not been disturbed."

The petitioners also accused the government of breaking the promise it made when Whitehead was built seven years ago that it would be the first detention camp to close.

After the May riots in Whitehead nearby residents alerted police to escaped detainees on their housing estates and reported two incidents of boat theft.

There was also an attempted breakout earlier this month at High Island.

Mr Lau said residents lived in constant fear of further violence — and of the fact that about 20 escaped detainees were still at large.

"Once again we are urging the government to step up its Orderly Repatriation Program," he said.

He said two meetings with the Security Branch had failed to produce a substantial justification for the government's proposed plan of action.

Mr Lau rejected the suggestion that moving detainees from the remote Tai A Chau would encourage them to join the Voluntary Repatriation Scheme. "This is a false hope. If they'd wanted to go back to Vietnam they would have done so long ago," he said.

The government's refugee coordinator, Brian Bresnihan, has said it would be difficult to mount an Orderly Repatriation Program in Tai A Chau.

Unlike High Island and Whitehead, both run by the Correctional Services Department, Tai A Chau is run by Hong Kong Housing Services for Refugees.

Hong Kong: Editorial on New U.S. Document Requirements on Textiles

HK2406074296 Hong Kong EASTERN EXPRESS in English 22-23 Jun 96 p 13

[Editor: "Uncle Sam's Friendship Amnesia"]

[PTS Transcribed Text for FBIS] When Governor Chris Patten was in the United States recently, explaining to trade officials the difficult position in which the territory would be placed if China was denied most favoured nation status this year, he was assured Washington understood the problem and would try to protect Hong Kong from damage in a trade war.

The reality turns out to be markedly different. Instead of preferential treatment to protect its interests, the territory is being penalised by the US far more heavily than China.

It is difficult to imagine that Washington would have acted in the same pre-emptory manner towards Beijing as it is now doing to Hong Kong. At last week's meetings to avert a Sino-US trade war, officials were prepared to sit around the conference table talking for as long as necessary to hammer out a mutually satisfactory agreement on intellectual property rights.

There is hardly time to draw breath in Hong Kong between the imposing of new document requirements on textile exports to the US and their implementation. No question of talks here which "will go on as long as they are moving in the right direction". A unilateral declaration was made one week ago, and the Hong Kong garment industry is immediately faced with uncertainty and chaos.

It begins to look as if it is more advantageous to have a poor relationship than a friendly one with the Clinton administration, at least while a presidential election is in the offing.

It may burnish Clinton's domestic image if he can show himself to be a tough leader, intent upon protecting the nation's manufacturing industry from outside predation. In the south, where his support is weakest and where the textile industry is under siege, the move could bring him extra votes. He is likely to find, however, that his global popularity rating is slumping rapidly.

Present White House policy is difficult to fathom, but it apparently consists of punishing innocent countries in an effort to exert pressure on those which are hostile to US interests.

An urgent reshaping of this approach is called for if Washington is not to find itself up against a democratic league of extremely angry and offended trading partners.

The US caused offence here earlier in the year when it criticised the Government's record in the intellectual property rights row, claiming that not enough was being done to stop illegal trade in the territory. It has annoyed a great number of other friendly countries over the introduction of the Helms-Burton Law. The legality of that action is being challenged in the courts and, unless another solution is found to the dispute here, Hong Kong will seek arbitration in the World Trade Organisation for this latest blow.

Financial Secretary Donald Tsang has described the US move as "rude and unreasonable". It is extremely rare for such harsh words to be aimed at the US by a government spokesman, where goodwill and harmony have always prevailed, but they are perfectly justified.

It is hard to see what Washington believes it can gain by this provocative approach. If it is correct in its suspicion that textile goods manufactured on the mainland are sneaking into the country under a Hong Kong label, there are better ways to tackle the problem than hitting local industry, and putting the brake on \$3.5bn of annual exports, the greater part of which are genuine.

That may be highly effective in closing an illicit door into the US for Chinese goods, but it will cause resentment here at a time when the Government is trying to cope with unemployment caused by the loss of manufacturing jobs to the mainland, many of them in the textile industry.

The second new regulation which will enable US customs to recall imported products within 210 days is simply turning the thumbscrews a little tighter. The documentation requirements will effectively kill off an important part of the textile trade here.

Legitimate companies will have to waste time and manpower becoming embroiled in a tangle of red tape, and that process, plus the higher bonds that have been imposed will almost certainly deter buyers.

The explanation of a US customs official, that Hong Kong is merely the first target in these textile regulations and somehow fortunate to have been chosen before the rest, is likely to cause a few wry smiles, if it does not inflame the situation even further.

From Hong Kong's viewpoint, there is little satisfaction to be gained from that news. The rest of the world will merely find the policy one more hostile move by a country that seems to have forgotten who its friends are.

Hong Kong: Government Confirms Delay of Western Corridor Rail Project

OW2306052196 *Hong Kong Television Broadcasts Limited in English 1130 GMT 21 Jun 96*

[FBIS Transcribed Text] The government has confirmed work on a major new rail project will be delayed. It means the cost of the Western Corridor Railway is almost certain to rise by billions of dollars. Derrick Johnson reports:

[Begin recording] [Johnson] It was billed as the answer to many of Hong Kong's transport problems, but the Western Corridor Railway has hit the skids before the first track has been laid, bogged down in controversy over costs and delays. It seems completion of the passenger and freight lines may be put back three years, possibly upping the price tag to as much as 100 billion dollars. Briefing legislators today, the government admitted builders of the Kowloon-Canton Railway Corporation weren't going to finish the project by the year 2001 as planned.

[Unidentified voice] At the time the KCRC said the date was achievable both technically and financially, but when it comes to land resumption, of course, it is the duty of the government. And we need a long time to look at the details and we also need to deploy manpower to do so.

[Johnson] In fact, it could take five years before the compulsory purchase of about 400 acres is completed. That forced the KCRC to revise its timetable and possibly the whole cost of the project, currently standing at 70 billion dollars. The government said every extra year will add 5 billion dollars to the price. Any plan for the railway must get the endorsement of China.

Derrick Johnson, TVB news. [end recording]

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

- Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.
- Headlines and all bracketed explanatory notes are supplied by FBIS.
- Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.

END OF

FICHE

DATE FILMED

28 *June 96*

